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DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR 1991

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES

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DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY AND RELATED AGENCIES APPROPRIATIONS FOR 1991

WEDNESDAY, MARCH 7, 1990.

DEPARTMENT OF STATE

WITNESS

HON. JAMES A. BAKER III, SECRETARY OF STATE

GENERAL STATEMENT

Mr. SMITH. This morning we are pleased to welcome to the Committee the Secretary of State, the Honorable James A. Baker III. Mr. Secretary, before we review the details of the Department's budget request with the various agencies and offices, we would appreciate having your views about the world situation and particularly the extraordinary changes that have occurred in the last 12 months. Your comments concerning how those changes have affected your Department's needs and responsibilities will assist the Committee in reviewing the Department's budget request and in assessing priorities.

We will insert the Department's Budget in Brief on the FY 1991 budget request into the Record at this point.

[The information follows:]

United States Department of State

The Budget in Brief

Fiscal Year 1991

THE BUDGET-IN-BRIEF - FISCAL YEAR 1991

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BUDGET SUMMARY

OVERVIEW

Contents of this part

This part contains a summary of the Department of State's FY 1991 budget request and a discussion of several proposals which affect the amounts being requested.

Summary

Funds: The Department's total budget request for FY 1991 is $5,458,440,000, an increase of $1,249,408,000 above the FY 1990 estimate. The FY 1991 budget amount is comprised of an appropriation request of $4,770,686,000 plus $687,754,000 of permanent budget authority.

Positions: The Department is requesting a total of 21,747 positions.

Congressional action

In FY 1990, two significant actions by the Congress impact the Department's estimates:

- Section 614 of the Commerce-Justice-State Appropriations Bill. Included in the Department's FY 1990 appropriation bill (Public Law 101-162) for those accounts under the jurisdiction of the House and Senate Commerce, Justice and State Appropriations Subcommittees is a provision (Section 614) that states that funds appropriated to the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The FY 1990 estimates used in this presentation assume the repeal of this provision.
- FY 1990 Sequestration. Where appropriate, the FY 1990 estimates reflect the impact of sequestration pursuant to Public Law 99-177, The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Reaffirmation Act of 1987 (Public Law 100-119).

Detail of 1991 request

Tables presenting details of the FY 1991 budget request, including funds and positions by appropriation, appear on the following pages.

(continued on next page)

FY 1991 BUDGET SUMMARY (continued)

SUMMARY OF FUNDS

APPROPRIATIONS	FY 1989 ENACTED	FY 1990 ESTIMATE	FY 1991 REQUEST	INCREASE OR DECREASE (-)
		(dollars in thousands)		
ADMINISTRATION OF FOREIGN AFFAIRS:				
Salaries and Expenses	$1,789,000	$1,792,391	$1,906,378	$113,987 a/
Office of Inspector General	—	20,753	23,301	2,548
Acquisition and Maintenance of Buildings Abroad	240,021	293,465	317,775	24,310 a/
Moscow New Office Building	—	—	270,000	270,000
Representation Allowances	4,590	4,600	4,600	—
Protection of Foreign Missions and Officials	9,100	9,100	9,100	—
Emergencies in the Diplomatic and Consular Service	4,500	4,635	6,600	1,965
Payment to the American Institute in Taiwan	10,890	11,142	12,000	858
Foreign Service Retirement and Disability Fund	107,684	106,034	108,576	2,542
Subtotal, Administration of Foreign Affairs	2,165,785	2,242,120	2,658,330	416,210
INTERNATIONAL ORGANIZATIONS AND CONFERENCES:				
Contributions to International Organizations	485,940	614,952	1,158,481	543,529
Contributions for International Peacekeeping Activities	141,000	81,079	247,423	166,344
International Conferences and Contingencies	6,000	6,253	8,200	1,947
Subtotal, Int'l. Organizations and Conferences	632,940	702,284	1,414,104	711,820
INTERNATIONAL COMMISSIONS:				
International Boundary and Water Commission - S&E	10,261	10,460	10,500	40
International Boundary and Water Commission - Constr.	3,166	11,454	10,000	-1,454
American Sections: International Boundary Commission	884	739	748	9
International Joint Commission	3,432	3,698	3,652	-46
Subtotal, American Sections	4,316	4,437	4,400	-37
International Fisheries Commissions	10,548	12,147	10,700	-1,447
Subtotal, International Commissions	28,291	38,498	35,600	-2,898
RELATED APPROPRIATIONS:				
U.S. Bilateral Science and Technology Agreements	2,000	3,971	5,000	1,029
The Asia Foundation	13,700	13,900	13,978	78
Soviet-East European Research and Training	4,600	4,600	4,600	—
Fishermen's Guaranty Fund	1,654	900	900	—
Fishermen's Protective Fund	—	1,000	500	-500
Subtotal, Related Appropriations	21,954	24,371	24,978	607
TOTAL, STATE APPROPRIATIONS ACT	2,848,970	3,007,273	4,133,012	1,125,739
FOREIGN ASSISTANCE:				
Migration and Refugee Assistance	461,950	368,409	450,648	82,239
Emergency Refugee and Migration Assistance	50,000	49,785	25,000	-24,785
TOTAL, STATE AUTHORIZATION ACT	3,360,920	3,425,467	4,608,660	1,183,193
International Narcotics Control	101,000	113,040	150,000	36,960
Anti-Terrorism Assistance	9,840	9,974	12,026	2,052
Subtotal, Foreign Assistance	622,790	541,208	637,674	96,466
TOTAL, ANNUAL APPROPRIATIONS	3,471,760	3,548,481	4,770,686	1,222,205
Permanent and Trust Appropriations	638,065	660,551	687,754	27,203
TOTAL, DEPARTMENT OF STATE	4,109,825	4,209,032	5,458,440	1,249,408

a/ Included in the FY 1991 increase is $67,618,000 in the Salaries & Expenses appropriation and $9,123,000 in the Acquisition and Maintenance of Buildings Abroad appropriation which is the result of the restoration to the base of funds previously transferred in the FY 1990 restructure of the Foreign Affairs Administrative System (FAAS).

(continued on next page)

SUMMARY OF POSITIONS

APPROPRIATIONS	FY 1989 ENACTED	FY 1990 ESTIMATE	FY 1991 REQUEST	INCREASE OR DECREASE (-)
ADMINISTRATION OF FOREIGN AFFAIRS:				
Salaries and Expenses	20,899	20,060	20,645	585 a/
Office of Inspector General	—	259	259	—
Acquisition and Maintenance of Buildings Abroad	298	298	298	—
Subtotal, Administration of Foreign Affairs	21,197	20,617	21,202	585
INTERNATIONAL COMMISSIONS:				
International Boundary and Water Commission - S&E	275	275	275	—
International Boundary and Water Commission - Constr.	14	17	17	—
American Sections: International Boundary Commission	7	7	7	—
International Joint Commission	24	24	24	—
Subtotal, American Sections	31	31	31	—
Subtotal, International Commissions	320	323	323	—
RELATED APPROPRIATIONS:				
Fishermen's Guaranty Fund	1	1	1	—
Subtotal, Related Appropriations	1	1	1	—
FOREIGN ASSISTANCE:				
Migration and Refugee Assistance	107	107	107	—
International Narcotics Control	89	114	114	—
Subtotal, Foreign Assistance	196	221	221	—
TOTAL, DEPARTMENT OF STATE	21,714	21,162	21,747	585

a/ The FY 1991 increase for the Salaries & Expenses appropriation includes 585 positions which is the result of the restoration to the base of positions previously transferred in the FY 1990 restructure of the Foreign Affairs Administrative System (FAAS).

(continued on next page)

FY 1991 BUDGET SUMMARY (continued)

Allocation of funds

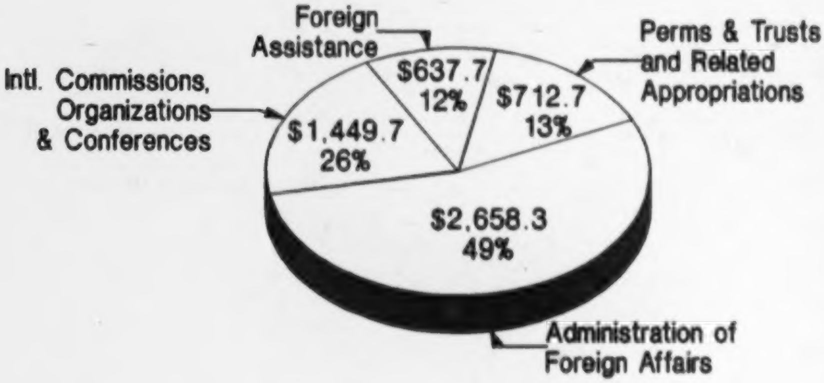
The 1991 budget is divided into six major areas:

- Administration of Foreign Affairs ($2,658,330,000)
- International Organizations and Conferences ($1,414,104,000)
- International Commissions ($35,600,000)
- Related Appropriations ($24,978,000)
- Foreign Assistance Appropriations - Refugee Assistance, International Narcotics Control and Anti-Terrorism Assistance ($637,674,000)
- Permanent Appropriations and Trust Funds ($687,754,000)

The chart below shows the allocation of funds within the budget for FY 1991.

1991 Allocation of Funds

(dollars in millions)



TOTAL - $5,458.4

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OVERVIEW SECTION

INTRODUCTION

Purpose

The purpose of this Overview Section is to provide a context for the presentation of the Department of State's FY 1991 budget and highlight several important resource issues.

Context

The FY 1991 budget for the Department of State has been developed to meet the ongoing requirements for the conduct of diplomatic and consular relations. This budget request, however, has been formulated within the overall environment of constrained Federal spending.

It is important to note that the Department operates in a rapidly changing world. Recent developments in the Soviet Union and Eastern Europe are striking examples of the dynamic world political scene and particularly its impact on East/West relations. In addition, the economic growth of several of our allies, the emergence of transnational issues that demand our policy and resource attention, and technological advances have created new sets of international issues which require that the Department of State adapt to this new global reality. It is clear that as our foreign policy evolves to meet this changing world, the management and organizational structure employed to carry out our nations diplomatic relations must be strengthened.

In considering the budget, it is important to recognize several programs, policies and administrative actions that will have a major impact on the conduct of diplomatic and consular relations:

- reconstruction of the U.S. Embassy building in Moscow;
- full funding of U.S. contributions to the various international organizations and the payment of our cumulative arrearages;
- support of the Andean Drug Strategy with emphasis on building host country capabilities to dismantle drug trafficking organizations, reduce illicit crop production and interdict drugs as they move from source countries through transit countries into the United States;
- funding for assistance to refugees and admission of 110,000 refugees into the United States;
- continued improvements in our worldwide telecommunications and information management capabilities through further development of the Department of State Telecommunications Network (DOSTN); and
- modification of the the Foreign Affairs Administrative Support System (FAAS).

(continued on next page)

RESOURCE ISSUES

Moscow New Embassy Office Building

In FY 1991, proposed for later transmittal, the Department will request $270,000,000 for full funding for the partial demolition/reconstruction of the new office building in Moscow. These funds will be used to construct, under extraordinary technical standards, a more secure building for our diplomatic representation and negotiations in this key capital.

International Organizations

The FY 1991 budget includes $793,738,000 for full funding, consistent with statutory restrictions and overriding policy considerations, of U.S. assessed contributions to international organizations and peacekeeping activities and for U.S. participation in multilateral conferences. In addition, it includes $620,366,000 for payment of cumulative U.S. arrearages. This request reflects the progress on reform that has been achieved within international organizations and the increasingly important U.S. foreign policy objectives that can be served through the effective use of multilateral institutions. The President is committed to meeting our obligations and restoring financial stability to the United Nations and other international organizations.

The funds for payment of arrearages will be expended over a five-year period. Arrearage payments for international organizations will be directed toward special activities that are mutually agreed upon by the United States and respective international organizations, including the restoration of working capital funds and other appropriate reserves required for stable management of program activities in the face of usual periodic cash flow irregularities. The arrearage payments will not be allowed to result in abandonment of the practices of fiscal restraint and the focus on priorities which have been instilled by the recent period of cash flow shortfalls.

Refugee Affairs

The FY 1991 budget request of $451,000,000 will help finance the admissions of up to 110,000 refugees into the United States, primarily from the Soviet Union and South East Asia. These funds will also provide for our share of humanitarian assistance to refugees overseas. Central to these objectives is the recognition that refugee problems are matters of international concern, requiring multilateral solutions.

Andean Drug Strategy

In FY 1991, the International Narcotics Control appropriation request of $150,000,000 places highest priority on the implementation of the President's Andean Drug Strategy. In particular, resources will be focused on the coca producing countries of Colombia, Peru, and Bolivia and to help other Latin American governments dismantle trafficking organizations, seize drug shipments and reduce illicit production.

(continued on next page)

RESOURCE ISSUES (continued)

Andean Drug Strategy (continued)	In FY 1991, the International Narcotics Control appropriation request of $150,000,000 places highest priority on the implementation of the President's Andean Drug Strategy. In particular, resources will be focused on the coca producing countries of Colombia, Peru, and Bolivia and to help other Latin American governments dismantle trafficking organizations, seize drug shipments and reduce illicit production.
DOSTN	The Department of State Telecommunications Network (DOSTN) program, an enhancement of the Department's High Speed Circuit program, provides expanded global "backbone" network services to users for current and emerging data, voice and video teleconferencing requirements. For FY 1991, the Department is requesting $15,248,000 for this program. DOSTN answers Congressional concerns regarding the non-proliferation of dedicated networks and a Congressional mandate for the Department to offer telecommunications services through its networks to the foreign affairs community. With the use of current off-the-shelf technology and its integrated systems approach, DOSTN supports the Departmental goal to improve planning for and use of new technology in communications and information management.
FAAS Restoration	The Department's FY 1991 budget seeks a base restoration of $76,741,000 ($67,618,000 in Salaries and Expenses and $9,123,000 in Foreign Buildings) to assure continuation of consolidated administrative support services vital to the conduct of U.S. Government programs overseas.

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I. ADMINISTRATION OF FOREIGN AFFAIRS

OVERVIEW

Contents of this part

This part of the FY 1991 Request contains appropriations for Administration of Foreign Affairs.

Summary of appropriations

Summary Statement
(dollars in thousands)

Appropriation	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Salaries & Expenses:				
Regular Operations.......	$1,488,560	$1,461,226	$1,607,423	$146,197
Diplomatic Security......	300,440	331,165	298,955 a/	-32,210
Total, Salaries & Expenses	1,789,000	1,792,391	1,906,378	113,987 b/
Office of Inspector General..................	--	20,753	23,301	2,548
Acquisition & Maintenance of Buildings Abroad......	240,021	293,465	317,775 a/	24,310 b/
Moscow New Office Building.................	--	--	270,000	270,000
Representation Allowances...............	4,590	4,600	4,600	--
Protection of Foreign Missions and Officials...	9,100	9,100	9,100	--
Emergencies in Diplomatic & Consular Service.......	4,500	4,635	6,600	1,965
Payment to the American Institute in Taiwan......	10,890	11,142	12,000	858
Payment to the Foreign Service Retirement and Disability Fund..........	107,684	106,034	108,576	2,542
Total Appropriation.......	$2,165,785	$2,242,120	$2,658,330	$416,210

a/ The FY 1991 request reflects the proposed transfer of funding for the Construction Security Program to the Acquisition and Maintenance of Buildings Abroad appropriation. In total, between the two appropriations, the Diplomatic Security program will be funded at $363,955,000 in FY 1991.

b/ The FY 1991 request reflects restoration of $67,618,000 in Salaries and Expenses and $9,123,000 in the Acquisition & Maintenance of Buildings Abroad appropriation to the base for funds previously transferred in the FY 1990 restructure of the Foreign Affairs Administrative System (FAAS).

0013Z

SALARIES AND EXPENSES

FY 1991 overview

Summary Statement
(dollars in thousands)

Activity	1989 Enacted	1990 Estimate	1991 Request	Incr or Decr (-)
Regular Operations	$1,488,560	$1,461,226	$1,607,423	$146,197
Diplomatic Security	300,440	331,165	298,955	-32,210
Appropriation Total	$1,789,000	$1,792,391	$1,906,378	$113,987

Note: The total amount requested by the Department for Diplomatic Security for FY 1991 is $363,955,000 which includes $65,000,000 for Construction Security requirements proposed for reprogramming from unobligated balances in the Foreign Buildings Appropriation.

Section 614

Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The above FY 1990 estimates assume the repeal of this provision.

S&E budget summary

Changes in positions and funding from 1990 to 1991 are identified in the following table. In general, this modest request is required to meet mandatory inflation requirements, assure that the U.S. Government continues to accrue benefits provided by economies of scale from consolidated overseas administrative support, and continue only two high priority projects: DOSTN and a much needed renovation of Main State buildings.

(continued on next page)

SALARIES AND EXPENSES (continued)

Highlights of budget changes

Summary Statement
(dollars in thousands)

	Positions	Funds
1990 Appropriation..................	20,060	$1,741,239
Transfer from Foreign Building Appropriation.....................	--	51,152
1990 Estimate......................	**20,060**	**1,792,391**
Adjustments to Base:		
Construction Security............	--	-45,000
Arms Control and Disarmament Agency, Geneva Admin Support...	--	9,000
Restoration of Administrative Support for Foreign Affairs Agencies......................	585	67,618
Subtotal......................	585	31,618
Built-in-Changes		
Decreases:		
Non-Recurring Costs:		
Moscow Refugee Processing........	--	-3,905
Information Management Central System Support.........	--	-3,450
Economic Summit..................	--	-5,213
Total Decreases...............	--	-12,568
Increases:		
Annualization of 1990 Increases:		
Wages Increases..................	--	11,211
Price Increases..................	--	6,371
Subtotal, Annualization.......	--	17,582
Anticipated 1991 Increases:		
Wage Increases...................	--	31,267
Overseas Price...................	--	10,538
Domestic Price...................	--	14,302
Subtotal, Anticipated.........	--	56,107
Total Increases...............	--	73,689
Net Total, Built-in-Changes....:.	--	61,121
Net Total, Adjustments/Changes......	585	92,739
1991 Current Services.............	**20,645**	**$1,885,130**

(continued on next page)

SALARIES AND EXPENSES (continued)

Highlights of budget changes (continued)

Summary Statement
(dollars in thousands)

	Positions	Funds
Program Changes:		
Department of State Telecommunications System (DOSTN)	--	$15,248
Columbia Plaza Renovation........	--	6,000
Total Program Changes............	--	21,248
Total 1991 Request................	**20,645**	**$1,906,378**

Explanation of 1991 adjustments to base

Adjustments to Base amount to a net increase of $31,618,000 as follows:

- Construction Security, -$45,000,000. In FY 1991, it is proposed that responsibility for the implementation of security standards for the building process will be transferred to and funded through the Foreign Buildings Program appropriation. This reinforces our efforts to implement the proper security standards under the control of a single organization; the Office of Foreign Buildings. Proper oversight will be assured since the Bureau of Diplomatic Security will retain the responsibility for setting and monitoring the security standards.

- Arms Control and Disarmament Agency, Geneva Administrative Support, $9,000,000. In FY 1991, the Department of State will assume administration of negotiations management from the Arms Control and Disarmament Agency (ACDA) in Geneva, Switzerland. The activities funded will provide primary administrative support and substantive backstopping responsibility for delegations involved with US/Soviet bilateral negotiations. During FY 1991, these funds will be used to support the following arms control talks: Strategic Arms Reduction Talks (START), Nuclear Testing Talks, Nuclear Space Talks, Special Verification Commission, Chemical Weapons, Conference on Disarmament, Standing Consultative Commission, Conventional Forces in Europe (CFE), and Confidence and Security Building Measures (CSBM).

(continued on next page)

Explanation of 1991 adjustments to base (continued)

- Foreign Affairs Administrative Support System (FAAS), 585 positions and $67,618,000. The Department's FY 1991 Budget for Salaries and Expenses seeks a base restoration of $67,618,000 to assure continuation of consolidated administrative support services vital to the overseas programs of other agencies. In order to minimize the disruption to all U.S. foreign affairs programs, the Department proposes to reassure total funding of these support costs on behalf of all other agencies. We seek restoration of $67,618,000 (the same amount reduced from our budget in FY 1990) for this purpose in FY 1991.

Explanation of 1991 built-in changes: Decreases

Decreases (non-recurring costs) in the Department of State Programs amount to -$12,568,000, as follows:

- Moscow Refugee Processing, -$3,905,000. In FY 1990, the Department of State will consolidate Soviet refugee processing in Moscow. The non-recurred costs represent the one-time costs required to set up additional support structures in Washington and Moscow to handle the expected increase from 11,000 cases in FY 1989 to 100,000 cases in FY 1990 and FY 1991.

- Information Management, Central Systems Support, -$3,450,000. In FY 1990, the Department of State will complete acquisition of mainframe computer equipment to accommodate increasing capacity requirements.

- Economic Summit, -$5,213,000. In FY 1990, the United States will host the Summit of Industrialized Nations Conference in Houston, Texas. This is an event that the U.S. hosts every seven years.

(continued on next page)

SALARIES AND EXPENSES (continued)

Explanation of 1991 built-in changes: Increases

The total increase for built-in changes for FY 1991 is $73,689,000 as follows:

- Annualization of 1990 Increases: $17,582,000 reflects the full year cost of the following:
  - Wage Increases, $11,211,000. Consists of the annualization of Foreign Service National (FSN) wage increases ($4,005,000) funded during FY 1990, the 3.6% 1990 American Salary pay increase ($6,061,000), and the annualization of increased health benefits costs during FY 1990 ($1,145,000).
  - Price Increases, $6,371,000. The annualization of increases in overseas and domestic operating costs during FY 1990, particularly for rents and contractual services.
- Anticipated 1991 Increases: $56,107,000 is required for the following anticipated wage/price increases during FY 1991:
  - Wage Increases, $31,267,000. This consists of increases for Foreign Service National (FSN) wage adjustments ($5,911,000); within-grade salary increases for American employees ($6,794,000); one-half the estimated cost of a 3.5% general pay increase in FY 1991 ($8,224,000); one-half the estimated cost of the proposed FY 1991 Senior pay increase ($7,761,000); and funds for the extra day's pay in FY 1991 ($2,577,000).
  - Overseas Price Increases, $10,538,000. This will fund anticipated price increases mainly for rents, utilities, supplies and contractual services.
  - Domestic Price Increases, $14,302,000. This amount will partially cover domestic price increases of 4% in such areas as:
    - The increased cost of GPO and other printing services, including the printing of passport books ($315,000);
    - Increased travel and per diem costs ($1,806,000);

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SALARIES AND EXPENSES (continued)

Explanation of 1991 built-in changes: Increases (continued)

- o The rising cost for the transportation of household effects and other items ($1,151,000);
- o Cost increases associated with rents (other than RENT), communications and utilities ($1,055,000);
- o Leasing, service, and maintenance costs primarily in the Department's information management programs ($3,867,000);
- o General Service Administration (GSA) Standard Level User Charges, or as it is now called RENT, ($4,077,000) resulting from an estimated 4% increase in building rental rates according to GSA;
- o Higher costs of supplies and materials ($304,000);
- o The impact of inflation on domestic equipment purchases ($806,000); and
- o In addition, $921,000 is required for other domestic price increases such as hospitalization, workmen's compensation and other medical-related expenses.

Summary of program changes

	Positions	Funds
o DOSTN........................	--	$15,248,000
o Columbia Plaza Renovation.....	--	6,000,000
Total Program Changes............	--	$21,248,000

Explanation of 1991 program changes

In FY 1991, we are requesting the following program changes:

- o INFORMATION MANAGEMENT - Department of State Telecommunications Network (DOSTN), $15,248,000. The Department of State Telecommunications Network (DOSTN) program, an enhancement of the Department's High Speed Circuit program, provides expanded global "backbone" network services to users for current and emerging data, voice and video teleconferencing requirements. It answers Congressional concerns regarding the non-proliferation of dedicated networks and a Congressional mandate for the Department to offer telecommunication services through its networks to the foreign affairs community. With the use of current off-the-shelf technology and its integrated systems approach, DOSTN supports the Departmental goal to improve planning for and use of new technology in communications and information management. DOSTN is compliant with applicable public laws, NSDDs and E.O.s, and is essential for the conduct of diplomacy around the world.

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SALARIES AND EXPENSES (continued)

Explanation of 1991 program changes (continued)

Procurement authority for DOSTN is spread over a ten-year period. DOSTN is scheduled for a six-year implementation phase which began in FY 1989 and a contract award planned for the second quarter of FY 1990. The total estimated DOSTN implementation cost is $353,400,000, which takes into account $133,800,000 in new budget authority, $217,600,000 in cost-savings and avoidance and $2,000,000 for national security related equipment and software. These expenditures will provide a telecommunications network that will support 257 overseas posts and 16 domestic offices.

The total FY 1991 requirement is approximately $30,248,000, which includes a base of $15,000,000 from FY 1990 and a recommended program increase of $15,248,000 for FY 1991, will support activation of an additional 47 sites and permit the initiation of site activity at another 64 posts. Funds will be used to obtain: telecommunications equipment, site engineering, control software, operations and maintenance, contractor support, circuits, personnel and other support costs. Offsets will be recovered from the Department's base programs, existing circuits, toll charges and overseas personnel.

- DOMESTIC ADMINISTRATION - Columbia Plaza Renovation, $6,000,000. At the suggestion of the General Services Administration (GSA), the space that is being made available in Columbia Plaza by the departure of the Equal Opportunity Employment Commission (EEOC) and the Bureau of Mines will be used as "swing" space during the proposed ten-year renovation of the Main State building. After the renovation of Main State is completed, the Department will consolidate the personnel currently located in 10 annexes into Columbia Plaza.

  GSA will fund the majority of costs related to the Columbia Plaza renovation, while State is responsible for certain tenant specific costs: telephone and data networks, design and construction of computer rooms, network controller, and other necessary equipment, systems furniture to provide optimal space utilization, start-up costs for the child care center of which 90% of construction costs will be funded by GSA, project management staffing costs, con[illegible]ncy and moving costs, and rent and renovation of 13[illegible] square feet of additional swing space to accommodate all activities during the Columbia Plaza/Main State renovations. AID will contribute funds proportional to its part of the Columbia Plaza renovation (approximately 20%). The demolition and renovation work is expected to take approximately three years.

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SALARIES AND EXPENSES (continued)

Program Activities Summary

Funds
Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Current Services	1991 Request	1991/1990 Increase/ Decrease
Executive Direction:					
Executive Direction	$113,292	$112,599	$118,371	$118,371	$5,772
Public Affairs.....	10,440	11,150	11,702	11,702	552
Congressional Relations........	2,373	2,464	2,599	2,599	135
Subtotal........	126,105	126,213	132,672	132,672	6,459
Inspections & Audits..	16,219	--	--	--	--
Conduct of Diplomatic Relations:					
Protocol Activities	4,162	4,279	4,441	4,441	162
Legal Affairs......	9,899	10,353	10,933	10,933	580
Diplomatic Reporting........	218,678	219,793	231,141	231,141	11,348
Functional & Regional Programs	3,340	2,990	3,002	3,002	12
Subtotal........	236,079	237,415	249,517	249,517	12,102
Conduct of Consular Relations:					
Domestic Passport..	36,953	36,820	37,829	37,829	1,009
Moscow Processing..	--	10,500	6,595	6,595	-3,905
Overseas Consular..	153,560	153,774	161,404	161,404	7,630
Subtotal........	190,513	201,094	205,828	205,828	4,734
Professional Training.	63,387	45,412	46,975	46,975	1,563
Information Management Systems............	339,934	335,403	360,628	375,876	40,473
Diplomatic Security...	300,440	331,165	298,955	298,955	-32,210 a/
Medical...............	19,934	20,620	25,063	25,063	4,443
Domestic Admin........	191,568	196,847	204,423	210,423	13,576
Overseas Admin........	243,961	233,105	293,282	293,282	60,177
Post Assignment Travel	60,860	65,117	67,787	67,787	2,670
Appropriation Total...	$1,789,000	$1,792,391	$1,885,130	$1,906,378	$113,987

a/ The FY 1991 request reflects the proposed transfer of funding responsibility for the Construction Security Program to the Acquisition and Maintenance of Buildings Abroad appropriation. In total, between the two appropriations, the Diplomatic Security program will be funded at $363,955,000 in FY 1991.

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SALARIES AND EXPENSES (continued)

Program Activities Summary

Positions
Summary Statement

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Executive Direction:				
Executive Direction	1,525	1,518	1,518	--
Public Affairs.....	171	170	170	--
Congressional Relations........	52	52	52	--
Subtotal........	1,748	1,740	1,740	--
Inspections & Audits..	250	--	--	--
Conduct of Diplomatic Relations:				
Protocol Activities	54	54	54	--
Legal Affairs......	152	152	152	--
Diplomatic Reporting........	3,298	3,299	3,299	--
Subtotal........	3,504	3,505	3,505	--
Conduct of Consular Relations:				
Domestic Passport..	704	704	704	--
Overseas Consular..	3,014	3,010	3,010	--
Subtotal........	3,718	3,714	3,714	--
Professional Training.	357	357	357	--
Information Management Systems...........	2,587	2,466	2,567	101
Diplomatic Security...	1,621	1,621	1,621	--
Medical...............	159	129	162	33
Domestic Admin........	1,929	1,944	1,944	--
Overseas Admin........	5,026	4,584	5,035	451
Appropriation Total...	20,899	20,060	20,645	585

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SALARIES AND EXPENSES (continued)

Purpose of program

The Salaries and Expenses appropriation is the principle means by which the Department of State manages the operational infrastructure that is responsible for the conduct of diplomatic and consular relations with foreign governments and international organizations through our embassies, consulates and other missions.

The principle goals of this account include:

- The maintenance of peace and international stability. We seek to sustain a constructive relationship with the Soviet Union, to foster and respond effectively to democratic change in Eastern Europe and to secure stabilizing reductions in nuclear and conventional arsenals.

- Improved relations worldwide. Maintaining our strong friendships and alliances with the nations of Europe, Latin America, the Middle East, Africa, East Asia and the Pacific is the cornerstone of U.S. foreign policy.

- Resolution of regional conflicts. The U.S. uses its unique assets and influence to work for peaceful resolution of regional conflicts in South Africa, the Middle East, Central America and elsewhere.

- A strong international economic system. We seek to maintain an open and fair international trading system, which is a prerequisite for non-inflationary global economic growth, and for cooperation among industrialized and developing nations.

- Promotion of human rights and democratic institutions. Denial of freedom leads to instability and conflict. The U.S. works actively to promote respect for human rights and to foster growth of democratic institutions.

- Provide administrative support for other Foreign Affairs Agencies. In FY 1991 the Department proposes restoration of the $67,618,000 base for administrative support to assure continuation of consolidated administrative support services vital to the overseas programs of other agencies. These services include, among other things, communications and building services for Government-owned and long-term leased properties.

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SALARIES AND EXPENSES (continued)

Program description

The Salaries and Expenses appropriation is comprised of the following program activities. These activities are critical to the successful conduct of diplomatic and consular relations and maintenance of this nation's foreign affairs operations.

- Executive Direction and Policy Formulation - This activity identifies resources which provide sound management through the direction of the Secretary, and with the assistance of staff offices, specialized offices and the functional and regional bureaus, for policy formulation and in pursuit of regional and global foreign policy objectives.

- Conduct of Diplomatic Relations - Resources for this activity include:

  - the political and economic reporting and analysis of interests to the United States;

  - the representation of U.S. diplomatic and national interests to those countries abroad;

  - the bilateral and multilateral negotiation of our foreign policy objectives;

  - the conduct of U.S. diplomatic policy through political and multilateral affairs, economic and social affairs, international budgetary and management affairs; and

  - our participation in various international organizations abroad, the domestically located missions to the UN and the Organization of American States (OAS) as well as the Department's Bureau for International Organization Affairs.

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Program description (continued)

- o Conduct of Consular Relations - Activities included are overseas consular operations and domestic passport services.

  Overseas Consular Operations encompasses:

  - the issuance, denial, and adjudication of immigrant and non-immigrant visas;
  - visa fraud detection and investigation;
  - emergency assistance to American citizens abroad; and
  - refugee processing.

  Domestic Passport Services includes:

  - the issuance of passports; and
  - passport fraud detection and investigation.

- o Professional Development and Training - The professional development and training activity is a continuous process by which the Department ensures that its professionals have the skills, experience and judgment to fulfill its functions at all levels. Training programs are designed to provide employees with the specific functional, area and language skills needed for the conduct of foreign relations both in the Department and abroad.

- o Information Management - This activity identifies resources necessary for the effective and efficient creation, collection, processing, transmission, dissemination, storage, and disposition of information required for the formulation and execution of foreign policy and for the conduct of daily business. Its requirements are driven by the informational needs of the President, the Secretary of State, the Department and its overseas missions, and approximately fifty government agencies.

  Components of the information management activity include: telecommunications; classified information handling, unclassified data and word processing; pouch, mail and publishing services; administration of an electronic and archival records management program; document classification and declassification; information security; and provision of information management services as appropriate, to all branches of the Government and to the public.

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SALARIES AND EXPENSES (continued)

Program description (continued)

- Information Management - (continued)
  Information management program responsibilities range from policy setting to planning and design, implementation, operation, and maintenance. The Department manages large computer and communications centers to provide administrative, consular, economic, and political information. The computer systems support worldwide consular applications, financial management systems, management of building programs, and intelligence research systems.

- Diplomatic Security - This activity identifies resources necessary in meeting security and counterterrorism responsibilities, both foreign and domestic. Covered in this activity are:

  - resources to implement the majority of the recommendations made by the Secretary's Advisory Panel on Overseas Security, more commonly known as the Inman Diplomatic Security Program;
  - security operations;
  - engineering services related to the technical defense of Foreign Service personnel and establishments against electronic and physical attack;
  - investigations, such as malfeasance and passport fraud;
  - protection of dignitaries; and
  - physical security operations, including construction and security renovation projects to combat attacks, assaults and technical penetrations made against U.S. facilities and personnel for all the foreign affairs agencies.

  As previously noted, in FY 1991 the responsibility and funding of the Construction Security program is being proposed for transfer to the Foreign Buildings Program appropriation.

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SALARIES AND EXPENSES (continued)

Program description (continued)

- o Medical - This activity encompasses medical programs for the Department of State, the Foreign Service, and 35 other U.S. Government departments and agencies overseas. Services are provided in Washington as well as at our missions around the world and cover some 60,000 employees and dependents.

- o Administration and Staff Activities - These activities include normal administrative services such as:

  - the direction and control of all administration and management operations, representing and negotiating U.S. government administrative matters with foreign officials, and reviewing and setting resource levels and priorities for the various programs and bureaus in the Department;

  - the budgeting, financial planning and financial operations for the Department of State and most federal agencies resident abroad;

  - the recruitment, management, and performance evaluation of the Department's Foreign and Civil Service employees and Foreign Service National staff;

  - the contracting and procurement of services and supplies, maintenance and repair of equipment and physical property, vehicle operation and shipping and customs services; and

  - post assignment funds for the travel, transportation and related items in connection with assignment, transfer, and separation for the Department's American full-time permanent staff and their dependents.

Benefits

The following is a brief list of the major benefits of this appropriation:

- o Protection of our national security;

- o Promotion of U.S. and world economic prosperity;

- o Promotion of democratic values and ideals;

- o Promotion, through the consular activity, of the free, safe and expeditious movement of people - both immigrants and nonimmigrants - between states; and

- o Combatting international terrorism.

OFFICE OF THE INSPECTOR GENERAL

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Executive Direction and Policy Formulation..........	$351	$371	$377	$6
Inspections and Audits...............	16,757	19,713	22,243	2,530
Administration and Staff Activities.	554	669	681	12
Total Availability....	17,662*	20,753	23,301	2,548
1990 Sequestration....	--	247	--	-247
Appropriation Total...	$17,662	$21,000	$23,301	$2,301

* Funded within the Department of State's Salaries and Expenses Appropriation and shown here for comparative purposes.

Section 614

Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The above estimates assume the repeal of this provision.

Explanation of 1991 request

This request represents the level of resources needed by the Office of the Inspector General (OIG) to conduct audits, investigations, and inspections of the Department of State's world-wide operations and programs. The increase in FY 1991 funding will provide for the use of independent certified public accounting firms to supplement limited OIG staff in the area of financial audits, economy and efficiency audits, and critical follow-up work on previous audit recommendations to correct defined deficiencies. In FY 1991, the OIG will continue to focus on senior and mid-level manager's performance as a means of increasing management's accountability and integrity.

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OFFICE OF THE INSPECTOR GENERAL (continued)

Purpose of program

The OIG objectives are to:

- improve the economy, efficiency and effectiveness of the Department's operations;
- detect and prevent fraud, waste, abuse, or mismanagement;
- assess the implementation of U.S. foreign policy primarily through inspection on a cyclical basis of all overseas posts and domestic offices to assure that it is consistent with the goals established by the Secretary of State; and
- evaluate independently the formulation, applicability, and implementation of security standards at all U.S. diplomatic and consular posts.

State's OIG also serves as Inspector General of the U.S. Arms Control and Disarmament Agency, as mandated by law.

Program description

The OIG pursues its basic goals of promoting improvement in State Department operations and stimulating positive change by examining and publicizing management's effectiveness or weaknesses, recommending improvements, identifying savings, and preventing waste and fraud.

During FY 1991, the OIG will continue to focus on the performance of senior and mid-level managers to increase management's integrity and accountability. Inspection teams will concentrate on management's use of workplans; interagency coordination; quality of reporting; responsibility for internal controls; and prevention of waste, fraud, abuse, and mismanagement.

In addition to the OIG's current and ongoing areas of review, other programs and activities will be selected for audits and inspections according to their significance to the promotion of major Departmental goals, magnitude in dollars and other resources, and areas of particular interest to the Congress and the President, the Secretary, and other Department Principals. The Office of Security Oversight (OSO) will complete its review of all posts in the high-threat category and focus on in-depth analysis of the counterintelligence, criminal and terrorist threat assessment categories. In addition, OSO will continue its program of auditing high cost and critical security programs of the Department. The Office of Investigations will continue to investigate specific allegations, reports, or other information indicating possible violations of law or regulation.

Benefits

The Office of Inspector General assists the Department in improving the economy, efficiency and effectiveness of its operations. Additionally, the OIG helps in the detection and prevention of fraud, waste and mismanagement. The OIG assessments of management and operations around the world have enhanced the Department's ability to meet its mandate of managing the foreign affairs of the United States.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

Program Activities Summary

(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
CAPITAL PROGRAM	$14,300	$83,564	$56,481	-$27,083
LEASEHOLD PROGRAM	97,368	86,669	95,792	9,123
FUNCTIONAL PROGRAMS AND OPERATIONS:				
Physical Security Upgrades	2,922	1,980	10,700	8,720
Fire/Life Safety Retrofit	4,411	4,733	4,845	112
Energy Conservation & Investment	500	495	500	5
Power Support Systems	3,875	4,555	5,500	945
Seismic Retrofit	1,500	495	520	25
Communications Center Renovations	4,565	7,292	3,245	-4,047
Asbestos Program	480	1,213	2,000	787
Maintenance of Buildings	51,140	52,457	53,730	1,273
Facility Rehabilitations & Support Systems Replacement	--	--	12,000	12,000
Facility Maintenance Assistance	8,613	15,274	22,480	7,206
Furniture, Furnishings & Equipment	2,000	3,961	4,000	39
Applied Engineering & Technical Transfer	750	495	500	5
Project Supervision	13,197	5,181	6,170	989
Program Management	15,400	9,208	11,500	2,292
Construction Security	--	--	(65,000)*	(65,000)*
Subtotal, Functional Program and Operations	109,353	107,339	137,690	30,351
ADMINISTRATION	21,000	20,793	29,812	9,019
Subtotal, All Programs	242,021	298,365	319,775	21,410
Anticipated Proceeds of Sale	-2,000	-4,900	-2,000	2,900
Total Availability	240,021	293,465	317,775	24,310
FY 1990 Transfer to S&E	--	51,152	--	-51,152
FY 1990 Sequestration	--	3,483	--	-3,483
Appropriation Total	$240,021	$348,100	$317,775	-$30,325

* It is proposed that funding for Construction Security will be derived from prior year unobligated balances. In FY 1989 and FY 1990 Construction Security was funded by the Salaries and Expenses appropriation.

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ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD (continued)

Highlights of budget changes

Summary Statement
(dollars in thousands)

	Funds
1990 Appropriation	$348,100
Transfer to S&E	-51,152
Sequestration	-3,483
1990 Estimate	293,465
1991 Changes:	
Capital Program	-27,083
Restoration of FAAS Transfer (Leaseholds)	9,123
Functional Programs	30,351
Administration	9,019
Subtotal, All Programs	21,410
Adjustment in Proceeds of Sale	2,900
Total, 1991 Changes	24,310
Appropriation Total	$317,775

For FY 1990, in accordance with provisions of Public Law 101-162, $51,152,000 in new budget authority from the Acquisition and Maintenance of Buildings Abroad appropriation is transferred to the Department's Salaries and Expenses appropriation.

The FY 1991 request for Acquisition and Maintenance of Buildings Abroad appropriation which is managed by the Office of Foreign Buildings Operations (A/FBO) is a net increase of $24,310,000 over the amounts available for construction of facilities, property acquisitions, leasing, and maintenance of properties in FY 1990. Because of the Administration's concern over the Federal deficit, the Department is requesting capital program funds only to continue ongoing construction and to acquire sites and initiate designs for future construction of chancery buildings in Abidjan, Jerusalem, and Tel Aviv. In FY 1991 the Department has proposed the transfer of the responsibility for financing and managing the Construction Security Program to the Foreign Buildings Office. These additional requirements, which include construction surveillance, escort transit security, physical security upgrades for short-term leased facilities, and construction project site security guard programs, will be financed at a program level of $65,000,000 in FY 1991 from unobligated balances. In FY 1991 the Department will propose, in a separate reprogramming notification, the transfer of unobligated balances appropriated for other purposes to cover the annual estimated requirements of the Construction Security Program.

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ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD (continued)

Highlights of budget changes (continued)

The Department is also proposing modest increases in building maintenance programs which begin to address the substantial backlog in major systems repair, facility rehabilitation and replacement of our aging overseas building inventory. Finally, the Department is also requesting additional funds in leaseholds to restore monies transferred in FY 1990 in anticipation of the expanded Foreign Affairs Administrative Support (FAAS) program. These funds are required to assure continuation of consolidated administrative support services, in this case leasehold payments, vital to the conduct of U.S. Government programs overseas.

Section 614

Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The above estimates assume the repeal of this provision.

Explanation of 1991 request

Capital Program ($56,481,000):

The Capital Program request for FY 1991 includes $13,569,000 for site acquisition and design of major capital projects as a separate program line item. This represents a significant change from the Department's policy of requesting funds for all costs for site acquisition, design, and construction as a fully funded project budget. Under this new approach, project sites will be acquired before project concept designs are developed, allowing construction costs to be accurately estimated before a construction budget is presented to the Congress. Although this approach will not reduce actual costs, it will reduce the program execution delays that occur which often result in cost escalation and reprogramming actions. Further, this new approach will resolve the problem of compounding large unobligated balances by requesting appropriations in the year that obligations will be incurred for construction activities. The amount requested for site acquisition and development costs is for chancery buildings proposed for Abidjan, Jerusalem, and Tel Aviv, but may be applied to other priorities, if these projects are delayed or their costs can be reduced.

The Department is requesting $8,500,000 to conclude an agreement with the German Democratic Republic to acquire buildings currently under lease. Additional funds ($21,412,000) are requested for projects currently under construction including continuing project supervision costs, furnishings and security equipment. We are also requesting $13,000,000 for security projects at overseas facilities separately maintained by the Agency for International Development, the Department of Commerce, and the U.S. Information Agency.

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ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD (continued)

Explanation of 1991 request (continued)

Leasehold Program ($95,792,000):

Acquisition of property through leaseholds or lease-purchases is required when the alternatives of purchase or construction are not possible, or the decision to lease is appropriate based on an economic analysis of the cost alternatives. Short-term leases of properties for the use of other Foreign Affairs agencies and the residential lease expenses for shared support personnel are funded by reimbursements to this appropriation. The program also funds living quarters allowances in lieu of government quarters where appropriate. Within the limits of funding, existing leaseholds will be converted to government-owned when opportunities arise and when the economic analysis supports purchase. The FY 1991 request includes a base restoration of $9,123,000, previously transferred in FY 1990 in anticipation of the expanded FAAS program, to assure continuation of leasehold payments vital to the overseas programs of other agencies.

Functional Programs and Operations ($137,690,000):

- o Physical Security Upgrade Program ($10,700,000). Prior to FY 1991, the Department budgeted the costs for the installation of public access controls and construction of perimeter walls for U.S. Government-owned and long-term leased property in the Acquisition and Maintenance of Buildings Abroad Appropriation. Similar expenses applicable to short-term leased properties were budgeted in the Department's Salaries and Expenses Appropriation-Diplomatic Security Program. In this year's budget, funding has been consolidated in the Foreign Buildings Account. With the budget request of $10,700,000, the Department proposes to upgrade public access controls at Cebu, Manila, and Panama.

- o Fire/Life Safety Retrofit Program ($4,845,000). The request provides resources to continue the current level of fire inspections, risk analysis and training at 127 posts each year. Domestic education and training programs for FY 1991 will provide specialized training classes which are targeted to a broad range of personnel, including Marine Security Guards, Security Officers, General Service Officers, technical personnel and dependents. Approximately 635 fire systems will be maintained and new fire alarms and suppression systems will be installed at five posts.

- o Energy Conservation and Investment Program ($500,000). Funds requested for the Energy Conservation and Investment Program will be used to continue studies of energy efficiency of overseas facilities. These studies will target opportunities for energy retrofit projects which can result in savings by reducing energy consumption. Energy analyses of nine posts are proposed for FY 1991.

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ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD (continued)

Explanation of 1991 request (continued)

- Power Support Systems ($5,500,000). This program provides generators at posts where an alternate source of electric power is required and to replace or modify electrical transformers containing Polychlorinated Biphenyls to comply with the Environmental Protection Agency's Rule 40 CFR 761 of July 1985 as well as to install central uninterruptible power supply equipment to support automated data processing, communications, fire and life safety and security systems.

- Seismic Retrofit Program ($520,000). Funds requested will be used to conduct structural analyses and seismic threat analyses for the existing inventory of overseas properties and to retrofit existing structures where the risk to life is high and new facilities are not an option.

- Communications Center Renovations Program ($3,245,000). The request provides resources to renovate the post communications centers in Leningrad and Vientianne.

- Asbestos Program ($2,000,000). This program was established to inspect the Department's overseas building inventory to identify the asbestos hazard and to remove friable asbestos materials when found. Of the approximately 255 posts requiring inspection, 78 posts have been inspected to date. With a goal of completing inspections of all overseas facilities by 1995, the Department is requesting funds to conduct 36 inspections and follow-up detailed analyses as well as to implement abatement projects at eleven posts.

- Maintenance of Buildings Program ($53,730,000). Funds requested are for the continuing maintenance and repair, rehabilitation, and improvement of approximately 2,540 government-owned and long-term leased buildings, facilities, and grounds encompassing approximately 22 million gross square feet of space.

- Facility Rehabilitation and Support Systems Replacement Program ($12,000,000). This new initiative is based in part on recommendations made by the U.S. General Accounting Office and the Department's Office of Inspector General. These offices have recommended that the Foreign Buildings Office develop a more formal planning approach in addressing maintenance requirements. Buildings and their support systems have a finite life span. Even with the best of preventive maintenance programs, eventually plumbing, electrical, air conditioning, facades, and windows must be replaced. Beginning in FY 1988, the Office of Foreign Buildings Operations initiated a comprehensive program of facility condition assessments of our aging facilities inventory. These assessments have enabled the Department to identify those major building systems in most urgent need of

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ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD (continued)

Explanation of 1991 request (continued)

replacement. The known requirements are substantial, and the cost to implement the backlog of projects to rehabilitate, repair, and replace inadequate facilities exceeds $450,000,000. This budget represents projects which must be implemented to protect the security of operations and life safety of the building occupants.

- Facility Maintenance Assistance Program ($22,480,000). The request provides technical assistance and support to overseas posts in maintaining major building systems including maintenance inspections and the development of specialized maintenance programs specific to post requirements. The program request includes the costs of the European and Washington maintenance centers which provide hands-on technical support to accomplish repair tasks at East European posts as well as posts located in developing countries. Also included are the cost of providing by contract cleared American facility engineers to manage the building systems of our newly constructed embassies.

- Furniture, Furnishings and Equipment Program ($4,000,000). Funds requested provide for the interior design and furnishing of representational space in the official residences of Ambassadors, Deputy Chiefs of Mission, and Consuls General, where they serve as principal officer of mission.

- Applied Engineering and Technical Transfer Program ($500,000). Specialized security provisions continue to add substantial costs to basic building construction. The objective of this program is to develop practical and cost effective design and construction solutions to these unique requirements. The request will provide for continuing studies in the structural, architectural, and electrical engineering disciplines. These studies are conducted independently and in partnership with other federal agencies.

- Project Supervision Program ($6,170,000). The request provides resources for the direct project support costs, including salary allowances and benefits of A/FBO personnel assigned to supervise the construction of overseas projects as well as the cost of rents, utilities and other operating expenses of construction management activities in support of A/FBO functional program projects.

- Program Management Program ($11,500,000). This program provides for the continuation of construction management, design and contract administration support of the capital program by the private sector program management firm referred to as the Embassy Task Group (ETG). In FY 1991,

(continued on next page)

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD (continued)

Explanation of 1991 request (continued)

ETG will assist in the construction management effort for the Amman, La Paz, Pretoria, and San Salvador projects. In addition, ETG will support the design efforts of the Algiers, Bangkok, Bogota, Cairo II, Caracas, Istanbul, Khartoum, Lima, Santiago, and Tunis projects.

- Construction Security Program. The Department has proposed the transfer of the responsibility for financing and managing the Construction Security Program to the Office of Foreign Buildings Operations. These added functions of construction surveillance, transit security, and guard programs in support of the capital and functional program projects are estimated at $65,000,000. Funds will be provided to this program by deferring other activities. The unobligated balances available for these activities will be reprogrammed to cover the Construction Security Program costs. A separate notification will be transmitted to the Congress which will detail these reprogramming actions.

Administration ($29,812,000). Funds requested provide for all support costs of the various program activities of the office, including the salaries and expenses of direct hire employees, both career civil service, foreign service, and contract personnel. The increase in new budget authority is requested to sustain the current level of staffing and program support which has been financed with annual appropriations and unobligated balances of no-year appropriations which were provided in FY 1986 and FY 1987.

Purpose of programs

The Office of Foreign Buildings Operations (A/FBO) programs are authorized by the Foreign Service Buildings Act of 1926, as amended. The Deputy Assistant Secretary for Foreign Buildings, through delegations of authority from the Secretary of State, manages, directs, and establishes policies for the overseas buildings program.

The overall mission assigned to the Deputy Assistant Secretary is the acquisition by purchase, lease, exchange, or construction of properties in foreign countries; and the maintenance of the existing property holdings in support of the U.S. Diplomatic Missions.

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ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD (continued)

Program description

Overall Responsibilities: The Office of Foreign Buildings Operations includes:

- initiates and develops long range programs, determines worldwide priorities, and decides on the design, construction, acquisition, and sale of real properties and the use of sales proceeds to support its programs;
- determines the optimum utilization of properties at each overseas post and approves disposition of surplus, underutilized, or uneconomic properties;
- develops and directs the overseas real estate acquisition, fire safety, and maintenance programs;
- provides direction and guidance on overseas building matters to regional bureaus and other Foreign Affairs agencies;
- establishes standards and policies for all overseas government-owned or leased property;
- maintains statistical, financial, and visual records of overseas properties;
- serves as the Department of State's depository for official deeds, surveys, and other documents for U.S. Government-owned and leased properties;
- provides for the interior design and furnishing of representational space in the Embassies, Consulates, and Official Residences of the Principal Officers; and
- provides for the security of facilities under construction or renovation.

Benefits

The Foreign Buildings program provides for the centralized administration and management of overseas office space, support facilities, and housing. These facilities must assure an appropriate, safe, secure, energy efficient and cost effective work and living environment for foreign service personnel throughout the world. In addition, facilities must be made physically and technically secure to protect lives, property, and information vital to our national security.

0015Z

MOSCOW NEW EMBASSY OFFICE BUILDING

Program summary

Summary Statement
(dollars in thousands)

	1991 Request
New Office Building Project..........	$270,000

Explanation of 1991 request

Proposed for later transmittal is a request for $270,000,000 to fund the design and construction of a new embassy office building in Moscow, U.S.S.R. The Department's formal request and supporting detail will be provided after design work and construction negotiations are completed.

Program description

Of the various options considered to provide urgently needed new facilities for the U.S. Embassy in Moscow, the Department proposes to request full funding for the teardown and rebuilding of the existing new office structure. The request will include funding for all aspects of the project including basic construction costs, associated security costs and other administrative expenses. The Moscow project is under the direct supervision of the Moscow Embassy Buildings Control Office (M/MEBCO), reporting directly to the Under Secretary for Management and the Assistant Secretary for Administration.

REPRESENTATION ALLOWANCES

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Promotion of U.S. National Interest...	$3,555	$3,499	$3,499	$--
Protection of U.S. Citizens' Interest..	203	286	286	--
Promotion of Economic Activities..........	594	594	594	--
Commemorative and Ceremonial Requirements........	238	221	221	--
Appropriation Total..	$4,590	$4,600	$4,600	$--

Section 614

Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The above estimates assume the repeal of this provision.

Explanation of 1991 request

The FY 1991 request maintains operations at a level consistent with current budgetary constraints, while allowing sufficient funding to carry out this appropriation's highest priority program activities.

Purpose of program

This appropriation provides partial reimbursement to Foreign Service Officers for officially representing the U.S. at functions overseas.

Program description

The activities funded by this appropriation typically include:

- promotion of U.S. national interests by Foreign Service officers through formal and informal interactions with foreign officials and long-term residents, usually at receptions, small working luncheons and informal dinners;
- protection of U.S. citizens' interests by developing and maintaining personal relationships with foreign officials which facilitate providing assistance and solving problems for Americans abroad;

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REPRESENTATION ALLOWANCES (continued)

Program description (continued)	o protection of economic activities through establishing and maintaining relationships with foreign and American officials, businessmen/women, labor leaders and others who may be helpful to them in performing duties connected with promoting and protecting American trade; and o fulfilling commemorative and ceremonial requirements such as centennial and Fourth of July celebrations.
Benefits	Activities performed under this appropriation facilitate the effective conveying of the United States' foreign policy goals and objectives and the gathering of information central to the formulation of our bilateral and multilateral foreign policy.

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Protection of Foreign Missions & Officials of the U.N...........	$7,078	$7,022	$7,022	$--
Protection of Foreign Missions & Officials Throughout the U.S...	2,022	2,078	2,078	--
Appropriation Total...	$9,100	$9,100	$9,100	$--

Explanation of 1991 request

The FY 1991 request maintains operations at a level consistent with current budgetary constraints, while allowing sufficient funding to carry out this appropriation's highest priority program activities.

Program description

Under the authority of the Foreign Missions Act of 1982, the Department of State provides for the protection of foreign missions throughout the U.S. The Bureau of Diplomatic Security administers the Department's program to protect foreign missions and officials as follows:

- For protection of foreign missions and officials accredited to the United Nations and other international organizations, the Department is authorized to reimburse New York City for the services of law enforcement personnel.
- Extraordinary protection for foreign diplomats and their facilities is arranged where necessary, either at the request of a foreign mission or by the initiative of the Secretary of State. This authority also permits the Department to use its own resources or employ the services of private security firms in those instances when state and local authorities cannot provide the required protection of foreign missions and officials throughout the U.S.

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PROTECTION OF FOREIGN MISSIONS AND OFFICIALS (continued)

Benefits

The protection provided to the diplomatic and consular corps by the Department is made possible through special contractual arrangements under the Protection of Foreign Missions and Officials program.

Some examples of the protection effort given to foreign officials and missions include:

- permanent protection for nine missions in New York City and the Turkish Consul and Vice Consul in Los Angeles;
- intermittent protection to seven quasi-diplomatic establishments and forty consulates; and
- protection for the Turkish Embassy in Washington, D.C.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICES

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Repatriation Loans...	$635	$617	$750	$133
Emergency Evacuations and Other Activities....	3,081	6,518	5,850	-668
Unobligated Balance..	784	-2,500	--	2,500
Total Availability...	4,500	4,635	6,600	1,965
1990 Sequestration...	--	65	--	-65
Appropriation Total..	$4,500	$4,700	$6,600	$1,900

Section 614

Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The above estimates assume the repeal of this provision.

Explanation of 1991 request

The FY 1991 request, an increase of $1,965,000, will allow the Department to continue to meet emergency requirements in the conduct of foreign affairs. In recent years these unanticipated costs have increased substantially. Items included in this request are:

- o travel and administrative costs of relocating American government employees from troubled areas to safehaven posts;
- o subsistence expenses for employees and their families when evacuated from troubled areas; and
- o allowances granted to dependents evacuated to the U.S. for the convenience of the government.

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EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICES (continued)

Purpose of program

The Emergencies in the Diplomatic and Consular Services appropriation is a no-year appropriation utilized to meet unforeseen emergencies requirements that arise in the conduct of foreign affairs.

Program description

The appropriation is authorized to:

- meet emergency situations in the conduct of foreign affairs;
- provide repatriation loans to destitute Americans including stranded Americans abroad to fund their return to the U.S.; and
- pay rewards for information on International Terrorism and relating to International Narcoterrorism and Drug Trafficking.

Benefits

In 1989 funds were used to:

- support evacuations from Rangoon, Burma; Panama City, Panama; Beirut, Lebanon (two separate evacuations); Columbia; Kabul, Afghanistan; China; Addis Ababa, Ethiopia; San Salvador, El Salvador; and Bucharest, Romania; and
- provide loans to 1,421 Americans stranded abroad to fund their return to the U.S.; and
- post rewards for information leading to the apprehension, effective prosecution, and punishment of individuals responsible for terrorist activities. Individual rewards were posted and $1,000,000 obligated during FY 1985 and 1986 for the following incidents: the hijacking of TWA Flight 847, Kuwaiti Airlines Flight 221, and the cruise ship Achille Lauro; the murder of four U.S. Marines and two U.S. citizens in El Salvador; and the bombing of TWA Flight 840. The Department no longer posts dollar specific individual rewards, instead there is a standing award which covers the following specific incidents: the murder of the U.S. Defense Attache William Nordeen in Athens and Colonel James Roe in the Philippines and the bombing of Pan Am Flight 103. Rewards totalling $300,000 were paid during 1989 leaving a balance of $700,000 in previously authorized funds. The International Narcotics Control Act of 1989 increased the ceiling on terrorist and narcoterrorist rewards from $500,000 to $2,000,000.

0017Z

BUYING POWER MAINTENANCE FUND

Program activities summary

Summary Statement
(dollars in thousands)

Year	Opening Balance	Approp.	Transfers In/Out(-)	Net Cumm. Balance
1982	$ --	$1,500	$200	$1,700
1983	1,700	4,500	10,994	17,194
1984	17,194	--	4,815	22,009
1985	22,009	--	-673	21,336
1986	21,336	--	-18,821	2,515
1987	2,515	--	-2,515	--
1988	--	--	6,328	6,328
1989	6,328	--	2,200	8,528
1990 Est.	8,528	--	-8,528	--

Explanation of 1991 request

For FY 1991, the Department is not seeking an appropriation for this fund.

Purpose of program

The Buying Power Maintenance appropriation provides standby budget authority to maintain approved levels of activities under rapidly changing economic conditions. Situations that can have a direct adverse impact on the Department of State's overseas budget include price inflation, wage increases, and exchange rate fluctuations. To the extent that wage and price increases are unbudgeted, the Department's buying power deteriorates. Also adverse exchange rate fluctuations can result in large operating deficits. The fund is currently limited by practice to the following countries where available economic data is most accurate and the impact on our appropriation is likely to be the greatest: Austria, Belgium, Canada, Denmark, Finland, France, Federal Republic of Germany, Italy, Japan, the Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, and the United Kingdom.

Benefits

When this account has an adequate balance, the Department is able to manage operations in a more efficient and responsible manner. During adverse economic periods, balances in this account are used to help protect overseas operations from exchange rate losses.

0046Z

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Economic/Commercial Services............	$1,438	$1,438	1,490	$52
Travel Services......	1,438	1,438	1,490	52
Cultural and Information Services	1,964	1,939	2,011	72
Other Services.......	5,333	5,596	6,250	654
Washington Office Activities..........	717	731	759	28
Total Availability...	10,890	11,142	12,000	858
1990 Sequestration...	--	158	--	-158
Appropriation Total..	$10,890	$11,300	$12,000	$700

Section 614

Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The above estimates assume the repeal of this provision.

Explanation of 1991 request

The increase in funding in FY 1991 will enable the Institute to meet mandatory requirements for wage and price increases. In addition, the increase will also be used to fund the accrued liabilities for the Foreign National Retirement Program.

Purpose of program

The American Institute in Taiwan (AIT) is a non-profit, private corporation. It was established in 1979 pursuant to the Taiwan Relations Act (Public Law 96-8).

The Institute provides through non-governmental means the full range of economic, cultural, travel and other services sought by Americans residing in or visiting Taiwan and by the people of Taiwan. Working through a counterpart organization established in Taiwan, the Institute maintains all appropriate liaisons with the authorities on Taiwan.

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PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN (continued)

Program description

The Taiwan Relations Act provided that "any programs, transactions and other relations conducted or carried out by the President or any Agency of the United States Government with respect to Taiwan shall, in the manner and to the extent directed by the President, be conducted and carried out by or through the American Institute in Taiwan." The Department of State has a contract with the Institute, and the Congress has an oversight role with respect to the Institute's operations.

The Institute carries out a range of activities including:

o A strong Commercial Services function is necessitated by the large U.S. private investment in Taiwan (over $3.2 billion) and high level of two-way trade (1990 estimate - $36 billion). AIT has a successful trade promotion program. In 1989, it hosted 13 trade shows for 289 exhibitors. In 1990, it expects to host 15 trade shows for 300 exhibitors and in 1991, 17 shows for 311 exhibitors. In 1990, exhibitors are expected to report off-the-floor sales of $50 million. AIT also provides other commercial services to benefit U.S. exporters, such as credit reports on local companies, searches for local representatives, bulletins on specific export opportunities, and one-on-one counseling on local business conditions and paperwork requirements. The demand for these services is expected to continue growing.

o Travel Services encompasses work normally provided by consular and visa operations elsewhere. Through these services, AIT maintains its most direct and broadest contact with the Taiwan society. In 1989, a year that saw explosive growth in travel exchanges of all kinds between Taiwan and the United States, AIT handled nearly 170,000 non-immigrant visa applications. This was 28 percent above last year's workload, which itself was 18 percent above the previous year. Additionally, the number of Taiwan immigration cases (about 15,000 each year since 1986) represents nine percent of the total cases in Asia and the U.S. Immigration cases will likely remain steady but non-immigrant applications are expected to increase to over 200,000 in 1991 and close to 235,000 in 1992. Essential American citizen services also are provided through the Travel Services Section. This includes providing basic birth and death documents, passports, and assistance to Americans in jail or distress. With a growing American presence in Taiwan, we expect this workload to continue to increase, along with growth in requests for performing the essential, routine legal services (notarization of documents to be used in the U.S., processing letters, rogatories, etc.) that make up the myriad of daily transactions and obligations binding together the people of Taiwan and the United States.

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PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN (continued)

Program description (continued)

- AIT's Cultural and Information Service maintains one library (Taipei), coordinates visitors' programs, contributes to the Foundation for Scholarly Exchange, arranges for U.S. cultural events in Taiwan, runs an advanced English language learning program and provides timely information about the United States through press releases and publications. This activity is the key component in fulfilling the AIT's mandate as contained in the Taiwan Relations Act.

- Other Services are provided in Taiwan as AIT maintains an office in Taipei and a branch office in Kaohsiung which are involved in a wide range of activities. In addition to Economic/Commercial, Travel Services (consular-related matters) and Cultural and Information Services, other activities include such things as political reporting, agricultural sales and foreign military sales. AIT operates the AIT Language School in Taipei, on a cost reimbursable basis, for the Foreign Service Institute. The Other Services activity represents approximately one-half of the total budget. Included in this component is the significant administrative support cost of the operation in Taipei which includes all salaries, benefits and allowances of administrative personnel, in addition to such items as rentals, maintenance and repair, furniture and equipment, travel, transportation, motor pool costs, and all other operating expenses.

- The Washington Office of AIT has a small staff in Washington which acts as a liaison with its counterpart organization from Taiwan (the Coordination Council for North American Affairs, CCNAA), the Department, and various other federal agencies such as Defense, Commerce, Transportation, USIA, Energy, National Science Foundation, Foreign Agricultural Service and the Export-Import Bank. AIT conducts negotiations with CCNAA on a variety of subjects. Agreements between the Institute and CCNAA are reported to Congress through the Department of State. In addition, the office provides administrative support to the Taipei and Kaohsiung offices and coordinates all other necessary activities between its Taiwan offices and appropriate agencies and the business community in the U.S.

Benefits

The Institute facilitates the continuation of commercial, cultural and other relations between the people of Taiwan and the people of the United States.

PAYMENT TO FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Program activity summary

Summary Statement
(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
$107,684	$106,034	$108,576	$2,542

Explanation of 1991 request

This request represents the costs of maintaining the Foreign Service Retirement System for those employees who declined to switch into the Federal Employees Retirement System as well as the amortization of previous unfunded liabilities that will continue to be funded by this separate appropriation.

The 1991 increase of $2,542,000 results from the annual evaluation of Fund balances and future benefits performed by the Fund's Government Actuary at the Department of Treasury.

This separate payment is authorized by the Foreign Service Act of 1980 (Public Law Section 821 of P.L. 96-465) which provides for an appropriation to the Fund, in thirty equal annual installments, of the amount required for the unfunded liability created by:

- new or liberalized benefits;
- new groups of beneficiaries; or
- increased salaries on which benefits are computed.

Purpose of program

The purpose of this appropriation is to maintain the Foreign Service Retirement and Disability Fund. This appropriation is one of several sources of income to the Fund.

The Fund is maintained through:

- contributions by participants;
- matching Government contributions;
- special Government contributions, including this appropriation; and
- interest on investments.

0019Z

II. INTERNATIONAL ORGANIZATIONS AND CONFERENCES

OVERVIEW

Contents of this part

This section contains the FY 1991 request for appropriations for International Organizations and Conferences.

Summary of appropriations

Summary Statement
(dollars in thousands)

Appropriation	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Contributions to Int'l Orgs........	$485,940	$614,952	$1,158,481	$543,529
Contributions to Int'l Peacekeeping Activities........	141,000	81,079	247,423	166,344
Int'l Conferences and Contingencies.	6,000	6,253	8,200	1,947
Total Appropriations....	$632,940	$702,284	$1,414,104	$711,820

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

FY 1991 overview

Summary Statement
(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
$485,940	$614,952	$1,158,481	$543,529

Program activities summary

Listed below is the allocation of funds by organization.

Activities	1989 Enacted	1990 Estimate	1991 Full Funding	Arrearages	1991 Total
United Nations and Affiliated Agencies:					
Food & Agriculture Organization..........	$25,000	$29,481	$70,293	$113,092	$183,385
Int'l Atomic Energy Agency................	35,160	36,663	39,590	--	39,590
Int'l Civil Aviation Organization..........	8,207	10,133	9,484	1,655	11,139
Int'l Labor Org.........	27,711	48,798	44,008	24,894	68,902
Int'l Maritime Org......	944	889	1,110	--	1,110
Int'l Telecommunication Union.................	4,917	5,043	4,969	--	4,969
United Nations..........	144,000	206,884	231,455	219,543	450,998
UN Industrial Development Org.......	12,668	18,264	19,448	15,276	34,724
Universal Postal Union..	814	797	827	--	827
World Health Org........	65,354	71,073	78,277	25,890	104,167
World Intellectual Property Org..........	618	610	850	241	1,091
World Meteorological Organization..........	6,094	6,162	6,574	2,138	8,712
Subtotal..........	331,487	434,797	506,885	402,729	909,614

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CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS (continued)

Program activities summary (continued)

(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Full Funding	Arrearages	1991 Total
Inter-American Organizations:					
Inter-American Indian Institute.............	$104	$104	$109	$3	$112
Inter-American Institute for Cooperation on Agriculture.........	10,856	14,243	14,681	5,602	20,283
Organization of American States................	32,968	49,699	46,356	38,327	84,683
Pan American Health Organization..........	32,059	39,204	39,552	13,038	52,590
Pan American Institute of Geography and History...............	340	347	362	40	402
Pan American Railway Congress Association..	25	25	25	1	26
Subtotal............	76,352	103,822	101,085	57,011	158,096
Regional Organizations:					
Colombo Plan Council for Technical Cooperation...........	11	11	12	--	12
North Atlantic Assembly.	573	928	739	--	739
North Atlantic Treaty Organization..........	29,645	27,233	33,197	--	33,197
Organization for Economic Cooperation and Development.......	33,960	33,898	36,748	--	36,748
South Pacific Commission............	783	841	900	403	1,303
Subtotal............	64,972	62,911	71,596	403	71,999

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CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS (continued)

Program activities summary (continued)

(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Full Funding	Arrearages	1991 Total
Other International Organizations:					
Bureau of International Expositions...........	$20	$21	$24	$9	$33
Customs Cooperation Council................	2,166	2,237	2,369	479	2,848
General Agreement on Tariffs and Trade.....	6,382	6,244	6,563	1,790	8,353
Hague Conference on Private Int'l Law.....	54	59	62	14	76
Int'l Agency for Research on Cancer....	1,049	1,252	1,366	55	1,421
Int'l Bureau of the Permanent Court of Arbitration...........	10	10	11	6	17
Int'l Bureau for the Publication of Customs Tariffs.......	59	77	110	28	138
Int'l Bureau of Weights and Measures..	512	553	586	172	758
Int'l Center for the Study of Preservation and Restoration of Cultural Property.....	461	528	554	25	579
Int'l Coffee Organization..........	713	643	832	--	832
Int'l Cotton Advisory Committee.............	175	180	190	31	221
Int'l Hydrographic Org..	60	62	71	--	71
Int'l Institute for the Unification of Private Law...........	80	82	88	29	117
Int'l Jute Organization.	49	46	69	--	69
Int'l Lead & Zinc Study Group...........	31	39	36	4	40
Int'l Natural Rubber Organization..........	30	--	253	--	253
Int'l Office of Epizootics............	58	60	62	25	87
Int'l Organization for Legal Metrology.......	71	76	81	22	103
Int'l Office of the Vine and Wine.........	--	--	36	46	82
Int'l Rubber Study Group	64	64	58	4	62

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CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS (continued)

Program activities summary (continued)

(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Full Funding	Arrearages	1991 Total
Other International Organizations: (continued)					
Int'l Seed Testing Association...........	$5	$6	$6	$3	$9
Int'l Sugar Organization	--	--	261	229	490
Int'l Tropical Timber Organization..........	--	--	225	218	443
Int'l Wheat Council.....	289	300	361	263	624
Int'l Union for the Conservation of Nature and Natural Resources.	--	--	168	--	168
Interparliamentary Union	469	502	546	--	546
Maintenance of Certain Lights in the Red Sea.	45	49	--	--	--
Permanent Int'l Assoc. of Road Congresses....	--	--	13	--	13
World Tourism Organization..........	277	332	319	--	319
Subtotal..........	13,129	13,422	15,320	3,452	18,772
Total Availability......	485,940	614,952	694,886	463,595	1,158,481
1990 Sequestration......	--	7,048	--	--	--
Appropriation Total.....	$485,940	$622,000	$694,886	$463,595	$1,158,481

Section 614	Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The above estimates assume the repeal of this provision.

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CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS (continued)

Explanation of 1991 request

The FY 1991 request recognizes our international obligations and the President's commitment to restoring the financial stability of the UN and other international organizations. The FY 1991 request of $1,158,481,000 represents full funding ($694,886,000), consistent with statutory restrictions and overriding policy considerations, of the assessed contributions to the fifty-two international organizations in this appropriation, and the request also includes a five-year plan for payment of cumulative U.S. arrearages of $463,595,000 (certain legislative and administrative holdings will remain standing). The funds for payment of arrearages will be no-year funds paid out at 20 percent a year over five years. Payment of these arrearages will be directed toward special activities that are mutually agreed upon by the United States and respective international organizations, and their payment would be conditional upon such agreements.

Purpose of program

This appropriation funds the U.S. assessed share of the budgets of those international organizations of which the U.S. is a member pursuant to treaties, conventions or specific Acts of Congress.

Program description

The various activities under this appropriation include assessed contributions to:

- o the UN and Affiliated Agencies that cover such diverse fields as peaceful uses of nuclear energy, international peace and security, arms control activities, international agricultural programs, industrial development, labor, health and medical research, postal services, telecommunications, shipping, civil aviation, meteorology, maritime safety and pollution control, and patent classifications and copyrights;

- o the Inter-American Organizations that are involved in matters of animal and plant health, international law and political issues, eradication of endemic diseases, rights and development of indigenous Indian populations, cartographic and geophysic surveys, and development of railroads in the Western hemisphere;

- o the Regional Organizations that are involved in matters of economic and social development in geographic areas of high interest to the U.S., national security, and consultations with representatives of the national legislative bodies; and

- o Other International Organizations which are mainly concerned with commodity trading and pricing, promotion of international travel, the environment, and legal decision making and arbitration through courts and administrative bodies operating at international levels.

(continued on next page)

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS (continued)

Benefits

Membership in international organizations benefits the U.S. in the following ways:

- building U.S. coalitions and gaining support for U.S. interests and policies in the UN and its affiliated agencies, and pursuing multilateral programs and activities which advance U.S. interests and the legitimate goals of the UN system;
- settling disputes peacefully, furthering human rights, and promoting cooperation in development assistance in environment, agriculture, technology, science, health, drug abuse, and transportation;
- providing an effective means to address our specific national interests in certain geographic areas of the world and strengthening our alliances in these areas; and
- exercising influence in commodity trading and pricing, promoting international travel, and accessing legal decision making and arbitration through courts and administrative bodies operating at international levels.

0057Z

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	Full Funding	Arrearages	1991 Total
UN Disengagement Observer Force (UNDOF).............	$10,800	$12,417	$12,417	$965	$13,382
UN Interim Force in Lebanon (UNIFIL).	18,200	24,092	40,064	155,806	195,870
UN Iran/Iraq Military Observer Group (UNIIMOG).....	34,100	13,595	20,468	--	20,468
UN Transition Assistance Group in Namibia (UNTAG).....	76,500	6,893	--	--	--
UN Angola Verification Mission (UNAVEM)............	1,400	3,216	1,043	--	1,043
UN Observer Group in Central America (ONUCA).............	--	20,866	16,660	--	16,660
Total Availability...	141,000	81,079	90,652	156,771	247,423
1990 Sequestration...	--	421	--	--	--
Appropriation Total..	$141,000	$81,500	$90,652	$156,771	$247,423

Explanation of 1991 request

In accordance with the President's commitment to restore financial stability to international organizations and peacekeeping, the FY 1991 request of $247,423,000 is comprised of full funding, $90,652,000, for U.S. assessed contributions to UNDOF, UNIFIL, UNIIMOG, ONUCA (a newly created unarmed United Nations (UN) military observer group in Central America) and UNAVEM and $156,771,000 to pay cumulative U.S. arrearages. The funds for payment of arrearages will be paid out at 20 percent a year over five years.

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CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES (continued)

Program description

This appropriation funds the U.S. assessed share of UN peacekeeping operations established by the UN Security Council as follows:

UN Disengagement Observer Force - acts as a buffer between Syrian and Israeli troops in the strategic Golan Heights area;

UN Interim Force in Lebanon - inhibits the movement of weapons and armed elements into and through its area of operations in southern Lebanon. It creates a buffer zone that inhibits terrorist operations and provides a security belt that helps protect both Lebanese and Israelis;

UN Iran/Iraq Military Observer Group - monitors the cease-fire between Iran and Iraq and is charged with supervising the withdrawal of forces to international borders. The cease-fire mitigates the need for a significantly enhanced U.S. naval presence in the Persian Gulf to ensure unencumbered passage of oil and other commodities and goods;

UN Observer Group in Central America - a newly created unarmed UN military observer group in Central America tasked with verifying the cessation of military aid to irregular forces and insurrectionist movements operating in the region and verifying that the territory of one state is not used for attacking others; and

UN Angola Verification Mission - monitors and verifies the redeployment and complete withdrawal of Cuban troops from Angola.

Benefits

These forces are essential to U.S. national interests and the maintenance of peace in areas of concern to the United States. The UN forces work to maintain cease-fires and contribute to an atmosphere in which negotiations can take place between conflicting parties. Their success depends upon our support for them, both diplomatic and financial.

0058Z

INTERNATIONAL CONFERENCES AND CONTINGENCIES

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Participation in Int'l Conferences....	$5,599	$5,059	$7,969	$2,910
Contributions to New or Provisional Organizations:				
Memorial Cemetery Commission..........	48	54	57	3
Union for the Protection of New Varieties of Plants.	71	186	174	-12
Int'l Sugar Organization........	111	242	--	-242
Int'l Office of Vine and Wine.......	13	42	--	-42
Int'l Tropical Timber Organization.	53	170	--	-170
Int'l Natural Rubber Organization........	141	229	--	-229
Berne Convention..........	--	271	--	-271
Subtotal...........	437	1,194	231	-963
Unobligated Balance...	-36	--	--	--
Total Availability....	6,000	6,253	8,200	1,947
1990 Sequestration....	--	87	--	-87
Appropriation Total...	$6,000	$6,340	$8,200	$1,860

Section 614

Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The above estimates assume the repeal of this provision.

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INTERNATIONAL CONFERENCES AND CONTINGENCIES (continued)

Explanation of 1991 request

Included in the FY 1991 request of $8,200,000 is funding for participation in international conferences ($5,969,000), full funding for the assessed contributions to the international organizations ($231,000), and funding ($2,000,000) for payment of bilateral debts owed by the U.S. for participation in the Vienna review of the Conference on Security and Cooperation in Europe (CSCE) as well as accumulated debts for the ongoing negotiations on Confidence and Security Building Measures (CSBMs).

Purpose of program

The International Conferences and Contingencies appropriation provides a central source of funds to finance and control United States participation in multilateral intergovernmental conferences, including the travel and per diem of accredited U.S. delegates, the costs of intergovernmental conferences hosted by the United States, and representation. The basic objective of the appropriation is to assure that the United States is represented by the leanest and most efficient delegations that can be formed through the accreditation process, to attain U.S. policy objectives.

Program description

This appropriation provides for U.S. representative delegations at international conferences to attain U.S. policy objectives by:

- financing and controlling U.S. participation in approximately 700 multilateral intergovernmental conferences annually on subjects and concerns of substantial interest to the U.S.; and
- funding U.S. contributions to international organizations in which U.S. participation is new or provisional.

Benefits

This appropriation assures that the U.S. is represented by the leanest and most efficient delegations that can be formed to attend conferences in such areas of U.S. interest as:

- AIDS research;
- human rights;
- narcotics;
- natural resources;
- energy;
- environment;
- disarmament; and
- nuclear-related matters.

III. INTERNATIONAL COMMISSIONS

OVERVIEW

Contents of this part This section contains the FY 1991 request for appropriations for International Commissions.

Summary of appropriations

Summary Statement
(dollars in thousands)

Appropriation	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Int'l Boundary & Water Commission:				
Salaries & Expenses.	$10,261	$10,460	$10,500	$40
Construction........	3,166	11,454	10,000	-1,454
Subtotal.........	13,427	21,914	20,500	-1,414
American Sections:				
Int'l Boundary Comm..	884	739	748	9
Int'l Joint Comm.....	3,432	3,698	3,652	-46
Subtotal.........	4,316	4,437	4,400	-37
International Fisheries Commissions..........	10,548	12,147	10,700	-1,447
Total Appropriations..	$28,291	$38,498	$35,600	-$2,898

INTERNATIONAL BOUNDARY & WATER COMMISSION, UNITED STATES & MEXICO -- SALARIES & EXPENSES

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Administration.......	$1,912	$1,897	$1,939	$42
Engineering..........	1,765	1,855	1,895	40
Ops & Maintenance:				
Gaging Stations.....	1,001	1,057	1,038	-19
Dams................	1,696	1,585	1,622	37
River Channel and Levee Projects.....	3,391	3,793	3,729	-64
Water Quality Proj..	484	257	260	3
Boundary............	8	16	17	1
Subtotal..........	6,580	6,708	6,666	-42
Unobligated Balance..	4	--	--	--
Appropriation Total..	$10,261	$10,460	$10,500	$40

Section 614

Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The above estimates assume the repeal of this provision.

Explanation of 1991 request

The FY 1991 request maintains operations at a level consistent with current budgetary constraints, while allowing sufficient funding to carry out this appropriation's highest priority program activities.

Purpose of program

The mission of the International Boundary & Water Commission (IBWC) is to:

- o apply the rights and obligations which the Governments of the United States and Mexico assumed under the numerous boundary and water treaties and related agreements; and
- o administer ongoing maintenance and operation of projects constructed under the construction appropriation.

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INTERNATIONAL BOUNDARY & WATER COMMISSION, UNITED STATES & MEXICO -- SALARIES & EXPENSES (continued)

Program description

The IBWC S&E appropriation ensures that the rights and obligations of treaties and agreements between the U.S. and Mexico are met through the following activities:

- o improvement of the water quality of the Rio Grande and Colorado rivers, and the resolution of border sanitation problems;
- o equitable distribution of the boundary rivers' water to both countries;
- o operation of the international flood control projects along the boundary rivers;
- o operation of the international reservoirs for the conservation of Rio Grande water and for hydroelectric generation;
- o establishment and maintenance of the boundary in the limitrophe section of the international rivers; and
- o demarcation of the land boundary.

In addition to the above mentioned responsibilities, the Commission will:

- o investigate and report on the most feasible measures for solving border sanitation problems along the U.S.-Mexico border.

Benefits

The work of the Commission facilitates the solution of international boundary and water problems in such a way as to benefit people on both sides of the boundary and improve relations between the two countries. In particular, emphasis is placed on the resolution of critical environmental issues.

0028Z

INTERNATIONAL BOUNDARY & WATER COMMISSION, UNITED STATES & MEXICO -- CONSTRUCTION

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
1970 Boundary Treaty Projects..............	$239	$556	$500	-$56
Nogales Int'l Wastewater Treatment Plant.	4,434	643	3,000	2,357
Rio Grande Rectification Flood Control Project...............	185	1,966	2,732	766
Chamizal Cordova Bridge Project........	63	937	500	-437
Falcon Dam Repair......	201	1,799	350	-1,449
Nuevo Laredo Sanitation Project....	3	7,497	5,900	-1,597
Retamal Diversion Dam..	--	250	250	--
Subtotal...........	5,125	13,648	13,232	-416
Unobligated Balance....	-1,959	-2,194	-3,232	-1,038
Total Availability.....	3,166	11,454	10,000	-1,454
1990 Sequestration.....	--	46	--	-46
Appropriation Total....	$3,166	$11,500	$10,000	-$1,500

Section 614

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Purpose of program

The mission of the International Boundary & Water Commission (IBWC) is to:

- apply the rights and obligations which the Governments of the United States and Mexico assumed under the numerous boundary and water treaties and related agreements; and
- carry out joint construction projects of the two countries, primarily in the areas of sanitation, flood control, and annual flow.

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INTERNATIONAL BOUNDARY & WATER COMMISSION, UNITED STATES & MEXICO -- CONSTRUCTION (continued)

Explanation of projects

The status of the major projects (both on-going and new) is:

- 1970 Boundary Treaty Project ($500,000 from unobligated balances carried forward) - At the conclusion of 1990, the project should be approximately 75% complete. The projected completion date for the project is FY 1995.

- Nogales International Wastewater Treatment Plant ($3,000,000 from new budget authority) - The $3,000,000 from new budget authority should complete the funding requirements for this project. The projected completion date is FY 1991.

- Rio Grande Rectification Flood Control Project ($2,732,000 from unobligated balances carried forward) - This long-term project is designed to provide much needed additional flood carrying capacity in an area that is increasingly urbanized and industrialized on both sides of the border. The projected completion date is FY 1993.

- Chamizal Cordova Bridge Project ($500,000 from new budget authority) - Funding is required to rehabilitate the Cordova bridge between El Paso and Juarez and insure the safe passage of vehicle and pedestrian traffic. The projected completion date is FY 1992.

- Falcon Dam Repair ($350,000 from new budget authority) - Funding is required to disassemble the spillway gate wheel and sandblast the rusted web plates, install a new fuel supply line for the emergency generator, and repair the six dam gates. The projected completion date is FY 1992.

- Nuevo Laredo Sanitation Project ($5,900,000 from new budget authority) - To halt the dumping of 20,000,000 gallons per day of raw sewage into the Rio Grande, funding is requested for 1) the improvement and expansion of the Nuevo Laredo sewage collection system, 2) construction of a large interceptor along the Mexican bank of the Rio Grande to capture sewage flows from existing drains, and 3) the construction of a 31 million gallon per day sewage treatment plant in Nuevo Laredo. The projected completion date is FY 1992.

- Retamal Diversion Dam ($250,000 from new budget authority) - Funding is requested for the planning and engineering involved in the replacement of the central gate of the Retamal Diversion Dam located in the lower Rio Grande Valley south of Donna, Texas. The projected completion date is FY 1993.

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INTERNATIONAL BOUNDARY & WATER COMMISSION, UNITED STATES & MEXICO -- CONSTRUCTION (continued)

Benefits	Benefits of this appropriation include:

- promoting resolution of environmental issues;
- maintaining the natural boundary between the U.S. and Mexico;
- preventing flooding in towns along the boundary; and
- preserving the water quality for the use of peoples on both sides of the boundary.

0029Z

INTERNATIONAL BOUNDARY COMMISSION

Program activity summary

Summary Statement
(dollars in thousands)

	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Total Availability...	$884	$739	$748	$9
1990 Sequestration...	--	11	--	-11
Appropriation Total..	$884	$750	$748	-$2

Section 614

Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The above estimates assume the repeal of this provision.

Explanation of 1991 request

The FY 1991 request maintains operations at a level consistent with current budgetary constraints, while allowing sufficient funding to carry out this appropriation's highest priority program activities.

Purpose of program

The United States and Great Britain, in their treaty of 1925, confirmed permanent arrangements for the establishment of the International Boundary Commission (IBC) in order to maintain an effective demarcation of the boundary line between the United States and Canada.

Program description

This appropriation funds the U.S. share of the IBC, which carries out the following activities: keeping boundary monuments in good repair; establishing monuments, markers and buoys where necessary; and keeping the 20-foot wide border strip (vista) clear of timber and brush. The Commission also settles any boundary disputes that may arise between the governments of the United States and Canada.

The IBC is continuing monument maintenance and resurvey operations on the St. Francis River along the Maine/Quebec-New Brunswick border, reclearing and continuing monument maintenance of a 25-mile portion of the boundary on the 49th Parallel along the Montana-Idaho/British Columbia border, and resurveying and upgrading the geographic positions of the boundary monuments on a 40-mile segment of the 49th Parallel along the North Dakota/Saskatchewan border.

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INTERNATIONAL BOUNDARY COMMISSION (continued)

Program description (continued)	In FY 1991, the IBC will reclear a vista along a 32-mile section of the Maine/Quebec border known as The Highlands, repair or replace 60 boundary monuments along the Minnesota-North Dakota/Manitoba border, repair or replace 40 boundary monuments along the North Dakota-Montana/Saskatchewan border, and continue cooperative efforts to produce new official maps of the U.S.-Canada boundary.
Benefits	A well-defined border is important to people living, farming and working along it. The business of government and private industry would be unacceptably complicated by an ambiguous boundary.

0030Z

INTERNATIONAL JOINT COMMISSION

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
U.S. Section.........	$2,938	$3,000	$3,013	$13
Special & Technical Investigations by U.S. Geological Survey..............	494	548	489	-59
New Referral Start-Up Fund.......	--	150	150	--
Total Availability...	3,432	3,698	3,652	-46
1990 Sequestration...	--	52	--	-52
Appropriation Total..	$3,432	$3,750	$3,652	-$98

Section 614

Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The above estimates assume the repeal of this provision.

Explanation of 1991 request

The FY 1991 request maintains operations at a level consistent with current budgetary constraints, while allowing sufficient funding to carry out this appropriation's highest priority program activities.

Purpose of program

The International Joint Commission (IJC) implements provisions of the Boundary Waters Treaty of 1909 and related international agreements including the Great Lakes Water Quality Agreement, the Rainy Lake Convention, the Niagara River Treaty, the Lake of the Woods Convention, and the Columbia River Treaty. The United States' share (approximately 50%) of the Commission's Great Lakes Regional Office is funded through this account.

Program description

The IJC undertakes the following activities:

- approves (licenses) projects affecting the levels and flows of boundary waters and, in some cases, trans-boundary rivers;

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INTERNATIONAL JOINT COMMISSION (continued)

Program description (continued)

- o oversees the operation of these projects;
- o issues reports to U.S. and Canadian governments on matters referred to it regarding water quality and quantity and air quality; and
- o monitors progress of U.S. and Canadian governments in achieving the purpose and objectives of the Great Lakes Water Quality Agreement.

During FY 1991, the Commission will continue work on the 1986 Great Lakes levels reference; it will assess air quality in the Detroit-Windsor region; and it will continue to review and analyze reports issued by the U.S. and Canadian governments pursuant to the revised Great Lakes Water Quality Agreement.

The Commission will hold its regularly scheduled biennial meetings on progress being made under the Revised 1978 Great Lakes Water Quality Agreement. The work of the Commission's Regional Office will continue to focus on toxic pollution control programs, remedial action programs, the Great Lakes International Surveillance Plan and strategies for improving the health of the Great Lakes Basin ecosystem.

Benefits

The quality and quantity of boundary waters, including the Great Lakes, are maintained and monitored to ensure that millions of Americans and Canadians will not lose the economic, recreational and aesthetic benefits that they now depend on from the boundary waters. Joint fact-finding is utilized in the resolution of existing environmental or other disputes and their prevention.

INTERNATIONAL FISHERIES COMMISSIONS

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
International Pacific Halibut Commission....	$763	$788	$780	-$8
Inter-American Tropical Tuna Commission.......	2,679	2,835	2,871	36
International Whaling Commission............	36	32	47	15
Int'l North Pacific Fisheries Commission..	118	119	130	11
Great Lakes Fishery Commission............	4,559	6,441	5,240	-1,201
North Pacific Fur Seal Commission............	--	--	--	--
International Commission for the Conservation of Atlantic Tunas.....	74	74	103	29
Northwest Atlantic Fisheries Org.........	--	16	--	-16
Pacific Salmon Commission............	1,253	1,650	1,330	-320
Commission for the Conservation of Antarctic Marine Living Resources......	44	49	50	1
North Atlantic Salmon Conservation Org......	16	15	15	--
International Council for the Exploration of the Sea............	82	85	90	5
Expenses of the U.S. Commissioners.........	49	43	44	1
Unobligated Balance...............	875	--	--	--
Total Availability.....	10,548	12,147	10,700	-1,447
1990 Sequestration.....	--	153	--	-153
Appropriation Total....	$10,548	$12,300	$10,700	-$1,600

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INTERNATIONAL FISHERIES COMMISSIONS (continued)

Explanation of 1991 request	The FY 1991 request maintains operations at a level consistent with current budgetary constraints, while allowing sufficient funding to carry out the Commission's highest priority program activities.

Purpose of program

The United States is a member of ten bilateral and multilateral fisheries organizations established by treaties. These international fisheries organizations:

- conduct continuing scientific studies on the resources for which they are responsible; and
- recommend conservation measures to member governments based on the results of these studies.

Program description

The International Fisheries Commissions appropriation provides for:

- the United States' share of expenses of ten international fisheries commissions;
- participation in the International Council for the Exploration of the Sea;
- travel expenses of the U.S. Commissioners and their advisors; and
- salary payments for non-government employees to the Pacific Salmon Commission, for days actually worked as Commissioners and Alternates, and Panel Members and Alternates.

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INTERNATIONAL FISHERIES COMMISSIONS (continued)

Benefits

Membership in these organizations results in the following benefits to the United States:

- It provides a forum for discussion of problems of mutual interest between the United States and other fishing nations.
- It ensures the propagation and guards against the depletion of fishery resources important to the United States. This is exemplified by the Commissions' extremely successful efforts to evaluate the sea lamprey population in the Great Lakes. This has permitted the introduction of Pacific Salmon and the rehabilitation of lake, rainbow and brown trout. The total economic impact of Great Lakes angling is about $4 billion. Added to this amount is a commercial catch of Great Lakes fish with an economic impact of about $270 million. Thus, the combined total economic impact of the recreational and commercial fisheries of the Great Lakes is about $4.3 billion.
- It ensures that United States' fishermen have the opportunity to harvest an equitable share of fish found primarily in proximity to the coastlines of the United States. For example, the halibut catch increased from 22 million pounds in the late 1970's to 74 million pounds in 1988, with an estimated retail value of $210 to $260 million.

IV. RELATED APPROPRIATIONS

OVERVIEW

Contents of this part

This section contains the FY 1991 request for Related Appropriations.

Summary of appropriations

Summary Statement
(dollars in thousands)

Appropriation	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
U.S. Bilateral Science and Tech. Agreements...........	$2,000	$3,971	$5,000	$1,029
The Asia Foundation...	13,700	13,900	13,978	78
Soviet-East European Research & Training..	4,600	4,600	4,600	--
Fishermen's Protective Fund.................	--	1,000	500	-500
Fishermen's Guaranty Fund.................	1,654	900	900	--
Total Appropriations..	$21,954	$24,371	$24,978	$607

0033Z

U.S. BILATERAL SCIENCE AND TECHNOLOGY AGREEMENTS

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
U.S./Yugoslavia.......	$1,400	$2,500	$2,000	-$500
U.S./Poland...........	600	1,471	2,000	529
U.S./Hungary..........	--	--	1,000	1,000
Total Availability....	2,000	3,971	5,000	1,029
1990 Sequestration....	--	29	--	-29
Appropriation Total...	$2,000	$4,000	$5,000	$1,000

Section 614

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Explanation of 1991 request

In FY 1991, the $5,000,000 request will help implement the President's initiative to support democracy in Eastern Europe and to support ongoing international commitments. The request contains $2,000,000 each to continue Science and Technology (S&T) cooperation with Yugoslavia and Poland and $1,000,000 to begin S&T cooperation with Hungary. The requested funds for Poland and Hungary reflect the levels for S&T cooperation contained in the Support for East European Democracy (SEED) Act of 1989 signed by the President in November, 1989.

Purpose of program

This appropriation funds the United States' share of expenses for bilateral S&T cooperative agreements between the U.S. and Yugoslavia, the U.S. and Poland, and the establishment of a new S&T agreement between the U.S. and Hungary.

S&T cooperation is developed on the basis of equality, reciprocity, and mutual benefit. These bilateral cooperative activities foster basic research in a variety of areas of technology rather than supply the technological fixes or technical assistance inherent in purely developmental programs.

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U.S. BILATERAL SCIENCE AND TECHNOLOGY AGREEMENTS (continued)

Purpose of program (continued)	The S&T agreement funds provide grants for original research in the fields of basic research, agriculture and food technology, energy, health, other sciences, and environmental protection. They also provide for workshops and exchanges of information and scientists.
Program description	The U.S./Yugoslavia S&T Agreement request of $2,000,000 is required to meet the U.S. Government's international commitment to contribute an average of $2,000,000 annually over the five-year life of the Agreement (through FY 1993), and to enable this valuable cooperative program to remain viable in the face of increased inflationary and economic pressures in Yugoslavia. To date, over 680 projects have been administered by eleven U.S. technical agencies. Sample topics include earthquake engineering, rehabilitation of the handicapped, health problems of coal gasification, epidemiology, metallurgy, and improved animal feed. The U.S./Poland S&T Agreement request of $2,000,000 represents the third year of the renewed Agreement between the United States and Poland. The Agreement supports the important foreign policy objective of U.S. support for reform in Poland. Under this Agreement, several U.S. institutes and agencies benefit from being able to carry out research in unique Polish facilities and environments at a fraction of the cost involved in U.S. institutes. The requested funding levels for Poland are required to bring this important Agreement to fully operational status. The U.S./Hungary S&T Agreement request of $1,000,000 represents the beginning of an S&T Agreement between the United States and Hungary. The establishment of the agreement is an important, visible and valuable link for restoring better relations with that country and its people. The requested funding levels for Hungary are required to begin the new S&T Agreement with Hungary.
Benefits	The Yugoslavia and Poland non-strategic, cooperative programs are well received in terms of nation-to-nation and people-to-people relations. In addition, valuable dividends have been reaped in our cooperation with these two highly scientific and technological countries, particularly in health, environment, and agriculture. S&T cooperation is viewed as symbolic of and contributing to the kind of relationship we want to maintain with those nations and their peoples. The Hungary program should yield similar results.

0034Z

THE ASIA FOUNDATION

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Operating Activity Expenses............	$2,525	$2,560	$2,574	$14
Program Grants and Services........	11,175	11,340	11,404	64
Appropriation Total..	$13,700	$13,900	$13,978	$78

Section 614

Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The above estimates assume the repeal of this provision.

Explanation of 1991 request

The FY 1991 request maintains operations at a level consistent with current budgetary constraints, while allowing sufficient funding to carry out the Foundation's highest priority program activities.

Purpose of program

This appropriation provides the essential core funding for The Asia Foundation. The Foundation also receives some in-cash and substantial in-kind funding from the private sector.

The Foundation is a private nonprofit corporation that plays a distinctive role in stimulating Asian democratic development and assists the peoples of Asia to shape their own destiny. It helps develop local social, political and economic institutions that are consistent with local cultural traditions, values and modernization needs.

Through its programs the Foundation seeks to:

- o foster individual freedom and democracy;
- o strengthen Asian institutions and private organizations;
- o develop leaders in both the public and private sectors;
- o nurture U.S.-Asian economic relations;

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THE ASIA FOUNDATION (continued)

Purpose of program (continued)	o promote regional cooperation throughout Asia; and o further Asian-American cooperation and understanding.
Program description	The Asia Foundation is primarily a grant-making organization. Through grants to local institutions, the Foundation contributes to U.S. and Asian interests in the following ways: o strengthening national parliaments by supporting legislative research, reference services, and staff and leadership training; o improving civil-military relations by funding projects to encourage dialogue between the civilian and military sectors; o strengthening local governments by aiding grassroots civic education programs and supporting increased local political participation; o supporting judicial reform by assisting new national and regional judicial training institutes; and o promoting more open economies by cooperating with Asian governments and institutions to develop a corps of economic specialists committed to lowering barriers of protectionism. The Foundation will also continue to manage the Books for Asia program, which distributes throughout Asia over a million books and journals a year.
Benefits	The Foundation's programs have contributed to the support of long-term U.S. interests in Asia and the Pacific. The programs have supported the development of democratic institutions and practices by serving to strengthen existing institutions of representative government, to enhance the rule of law, and to promote free and fair elections.

0035Z

SOVIET-EAST EUROPEAN RESEARCH AND TRAINING (SEERT)

Program activity summary

Summary Statement
(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
$4,600	$4,600	$4,600	$--

Explanation of 1991 request

The FY 1991 request for the Soviet-Eastern European Studies Program will allow American scholars to continue taking advantage of increasing access to and expanding research opportunities in the Soviet Union and Eastern Europe. This level of funding will support hundreds of research scholars and advanced graduate students. It will also contribute to fulfilling the Soviet-Eastern European Research and Training (SEERT) Act's central purpose which is to build and strengthen a cadre of experts in the Soviet and Eastern European field.

Purpose of program

The overall purpose of the SEERT program is to develop and sustain long-term unclassified research on a national scale dealing with basic issues and questions of Soviet and Eastern European social, political, economic and historical development.

The radical changes in the Soviet Union and Eastern Europe are placing greater demands on the Soviet-Eastern European field in the U.S. as scholars strive to keep abreast of and analyze this region in transition. At the same time, unimagined opportunities for in-country research and training and access to previously unavailable data have opened new avenues for broadening American expertise on the region.

To meet the goal of improved understanding of this critical region, the programs supported by the fund provide a stable foundation for Soviet and Eastern European studies as well as a reliable base on which scholars and institutions can build and maintain professional capabilities.

Funding at the requested level for the SEERT Appropriation will help American scholars assess developments in this most important region. Their growing knowledge provides an important asset to the U.S. Government in efforts to decipher the direction and implications of dramatic changes of vital national interest.

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SOVIET-EAST EUROPEAN RESEARCH AND TRAINING (SEERT) (continued)

Program description

The SEENT fund is a grant-making instrument administered by the Secretary of State. The fund supports research and training in the field of Soviet and Eastern European Studies through:

- graduate area and language training;
- advanced research;
- public dissemination of research data and results;
- contact and collaboration among government and private specialists; and
- acquisition by specialists of first-hand experience in the Soviet Union and Eastern European countries.

Benefits

The SEERT fund provides the following benefits to the United States:

- enhances expertise on the Soviet Union and Eastern Europe and maintains the analytical edge that is vital to national security;
- assures an influx of newly trained personnel to replace the cadre of senior scholars that is being rapidly depleted by retirement;
- provides increased attention to Eastern Europe through support for domestic and in-country research, graduate and language training, and other related activities; and
- strengthens and expands the lines of communication and cooperation between U.S. Government and academic specialists.

Specifically, in FY 1991 the appropriation will achieve the following:

- grants to approximately ten organizations will be made supporting the research and training of hundreds of advanced graduate students and established scholars at scores of universities and other locations;
- begin approximately 40 major research projects; and
- maintain up to 60 fellowships for in-country language training.

0036Z

FISHERMEN'S PROTECTIVE FUND

Program activity summary

Summary Statement
(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
$--	$1,000	$500	-$500

Explanation of 1991 request	For FY 1991, the Department is requesting $500,000 to make payment on anticipated claims expected to be certified as valid. The Fishermen's Protective Fund's FY 1990 funding will be used to make payment on all outstanding unpaid claims certified as valid in prior years. The FY 1991 request will make available funds for the prompt payment of claims certified as valid during that period.
Purpose of program	Under the Fishermen's Protective Act of 1967, as amended by P.L. 98-364, the Fishermen's Protective Fund provides timely reimbursement to owners of U.S. vessels seized by foreign governments for the cost of securing release of the vessel and crew.
Program description	The Fund provides reimbursement for any direct charges, such as fines, license fees, registration fees, etc. incurred by the owner in order to secure release of the crew and vessel.
Benefits	The Fishermen's Protective Fund benefits the owners of U.S. vessels seized by foreign governments by providing them reimbursement for the expense of securing release of their vessels and crews without excessive delays which may cause financial hardship.

0037Z

FISHERMEN'S GUARANTY FUND

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Administrative Costs..	$73	$75	$75	$--
Insurance Claims and Indemnities......	1,581	825	825	--
Appropriation Total...	$1,654	$900	$900	$--

Explanation of 1991 request

The $900,000 for FY 1991 will be derived from fees paid by the boatowners ($450,000) and government funds ($450,000).

Purpose of program

The Fishermen's Guaranty Fund appropriation provides reimbursement to owners of U.S. commercial fishing vessels which are seized by foreign countries on the basis of claims either to territorial waters or to the high seas, which are not recognized by the U.S.

Program description

The Fund provides payment to cover:

- o damage, destruction, or confiscation of vessels including fishing gear or other equipment;
- o dockage fees and utilities; and
- o market value of the fish confiscated or spoiled during detention.

It also reimburses the owner and crew of the vessel for loss of income which directly results from seizure and detention. The amount reimbursed may not exceed 50% of the gross income which is lost.

Owners of fishing vessels pay a fee according to the tonnage of their vessels in order to be protected under this fund.

Benefits

The benefits accrue to United States fishermen, principally shrimp and tuna fishermen, operating in disputed territories who find their boats and catches seized by other countries.

0038Z

V. FOREIGN ASSISTANCE APPROPRIATIONS

OVERVIEW

Contents of this part This section contains the FY 1991 request for appropriations under the Foreign Assistance Appropriations Act.

Summary of appropriations

Summary Statement
(dollars in thousands)

Appropriation	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Refugee Operations:				
Migration & Refugee Assistance	$461,950	$368,409	$450,648	$82,239
Emerg. Migration & Refugee Assistance.	50,000	49,785	25,000	-24,785
Subtotal.......	511,950	418,194	475,648	57,454
Anti-Terrorism Assistance..........	9,840	9,974	12,026	2,052
International Narcotics Control...	101,000	113,040	150,000	36,960
Total Appropriations.	$622,790	$541,208	$637,674	$96,466

MIGRATION AND REFUGEE ASSISTANCE

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Refugee Admissions Program............	$203,727	$161,949	$185,220	$23,271
Transfer to HHS.....	--	14,936	--	-14,936
No-year Supplemental	21,285	-21,273	--	21,273
Subtotal.........	225,012	155,612	185,220	29,608
Refugee Assistance Overseas...........	188,338	168,[illegible]3	215,200	46,547
Other Activities....	40,600	35,929	41,700	5,771
Administrative Expenses...........	8,000	8,215	8,528	313
Appropriation Total.	$461,950	$368,409	$450,648	$82,239

Explanation of 1991 request

Refugee Admissions:

The 1991 budget request of $185,220,000 will fund admissions to the U.S. of approximately 110,000 persons. These levels of admissions reflect the continuing needs in the East Asia program, including the special resettlement program for former reeducation center detainees, the continuation of the Amerasian program, as well as the international agreement under the Comprehensive Plan of Action to resettle longstayers in first asylum. In addition, admissions of Soviets will continue at about the same level as the 1990 consultations estimate (40,000 funded admissions), although all Soviets will be processed from the Soviet Union. Admissions from Africa, the Western Hemisphere, Eastern Europe, and the Near East will continue at similar levels. The admissions ceiling for FY 1991 will be determined by the President after consultations with the Congress prior to the beginning of the fiscal year.

(continued on next page)

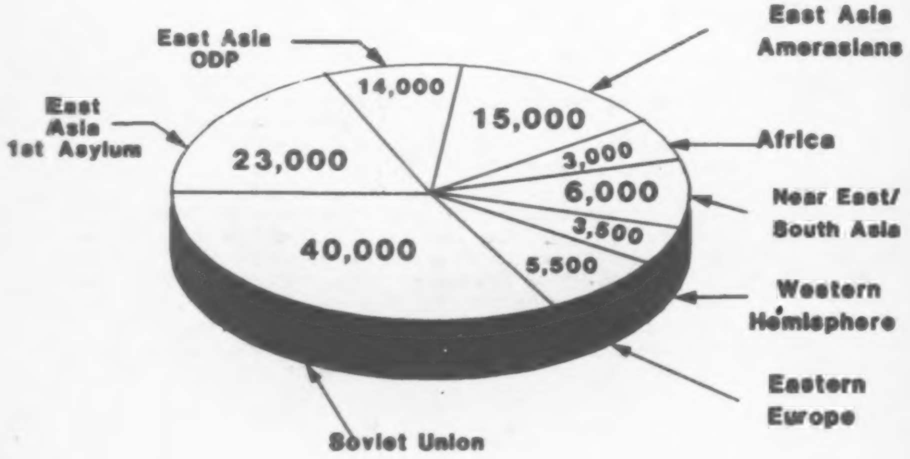
MIGRATION AND REFUGEE ASSISTANCE (continued)

Explanation of 1991 request (continued)

Refugee Admissions

	FY 1989 Actual	FY 1990 Estimate	FY 1991 Request
East Asia:			
1st Asylum	27,999	25,000	23,000
Orderly Departure Program (ODP)	9,018	11,500	14,000
Amerasians	8,667	15,000	15,000
USSR	39,553	40,000	40,000
Eastern Europe	8,948	6,500	5,500
Near East/South Asia	6,980	6,500	6,000
Western Hemisphere	2,605	3,500	3,500
Africa	1,922	3,000	3,000
Total	105,692	111,000	110,000

1991 Estimate Of Refugee Admissions By Area



TOTAL – 110,000

Explanation of 1991 request (continued)

Refugee Assistance:

In FY 1991, $215,200,000 is requested for Refugee Assistance. The request for assistance by geographical region is as follows:

EAST ASIA..$39,000,000

The Department's program for East Asia includes support for the United Nations High Commissioner for Refugees (UNHCR), the United Nations Border Relief Operation (UNBRO) and the International Committee of the Red Cross (ICRC). These programs provide protection and assistance to Indochinese who have obtained first asylum in the region and for 300,000 displaced Khmer in camps along the Thai-Cambodian border. In addition, $1,000,000 will be contributed to both multilateral and bilateral programs that combat pirate attacks in the Gulf of Thailand. U.S. assistance in this region provides support for the Comprehensive Plan of Action adopted by the June 1989 International Conference on Indochinese Refugees.

AFRICA..$75,200,000

Contributions to UNHCR and ICRC will provide relief assistance, such as food, shelter, medicine and clothing, as well as providing protection to more than 4 million refugees and displaced persons. Refugee needs are expected to remain high resulting from continued civil strife in the Horn and in southern Africa.

NEAR EAST.......................................$88,300,000

In FY 1991, $63,300,000 is requested for contributions to the United Nations Relief and Works Agency (UNRWA) to meet the continuing needs of the Palestinian refugees. Assistance of $25,000,000 is requested for the UNHCR and ICRC programs in the Near East and South Asia, especially for the 3.3 million Afghan refugees.

WESTERN HEMISPHERE..............................$12,700,000

Contributions to UNHCR and ICRC provide for the care and maintenance of Nicaraguan, Guatemalan and Salvadoran refugees in Central America, local resettlement and repatriation programs where circumstances permit.

(continued on next page)

MIGRATION AND REFUGEE ASSISTANCE (continued)

Explanation of 1991 request (continued)

Other Activities:

Funding of $41,700,000 will support other assistance as follows:

- contribution to the ICRC headquarters budget ($6,000,000);
- International Organization for Migration (IOM) assessed contribution ($4,700,000) and voluntary contributions to assist in refugee and migration programs ($1,000,000); and
- refugees immigrating to Israel ($30,000,000).

Administrative Expenses:

The request of $8,528,000 for administrative expenses will finance salaries and operating expenses to support 107 permanent staff in Washington and overseas in the Bureau of Refugee Programs.

Purpose of program

The world refugee situation continues to be serious with some 14 million refugees requiring significant levels of humanitarian assistance. An important U.S. foreign policy goal is to seek solutions to conflicts and an end to persecution so as to allow these persons to return home. In the interim, the United States contributes toward their needs through programs of overseas assistance and of admission of certain refugees for resettlement in the United States. Central to these goals is a recognition that refugee problems are matters of international concern, requiring multilateral solutions.

Accordingly, the focus of U.S. foreign policy concerns include:

- protection and life sustaining relief for persons who have fled across international boundaries to seek refuge from persecution and conflict;
- obtaining an effective and timely response from the international community toward refugees; and
- seeking solutions to the origins of refugee problems.

Program description

The admissions program is accomplished through the funding of:

- private voluntary agencies which conduct refugee processing, English language and cultural orientation training, as well as initial reception and placement services; and
- the International Organization for Migration (IOM) which provides transportation, processing and medical services.

(continued on next page)

MIGRATION AND REFUGEE ASSISTANCE (continued)

Program description (continued)

Overseas assistance is carried out through contributions to:

- the United Nations High Commissioner for Refugees (UNHCR);
- the International Committee of the Red Cross (ICRC);
- the United Nations Relief and Works Agency (UNRWA);
- the United Nations Border Relief Operation (UNBRO); and
- voluntary agency programs.

Benefits

For the United States, the refugee program continues to:

- focus international attention on the causes of refugee flows and the rights of the persecuted;
- assist refugees by providing, to the extent that resources permit, humanitarian assistance to victims of persecution and strife;
- obtain multilateral support and burden sharing for refugee needs;
- bring refugees to the United States to be united with their families or who are of special humanitarian concern and contribute to the nation with their skills; and
- help maintain first asylum in countries which might otherwise close their borders to refugees.

0040Z

EMERGENCY REFUGEE AND MIGRATION ASSISTANCE

Program activity summary

Summary Statement
(dollars in thousands)

	1990 Estimated Balance	1991 Replenishment
Emergency Fund.....	$49,785	$25,000

Explanation of 1991 request

A $25,000,000 replenishment of the Emergency Fund is requested in order to preserve the President's ability to respond to unforeseen and urgent refugee and migration needs worldwide.

Purpose of program

The Emergency Refugee and Migration Assistance Appropriation (ERMA) is a no-year appropriation, drawn upon by the President, to meet unexpected, urgent refugee and migration needs whenever he determines that it is important to the national interest to do so.

Program description

The Migration and Refugee Assistance Act of 1962, as amended, which authorizes the account, provides for permanent authorization of up to $50,000,000. The Department requests authorization for drawdowns when unanticipated circumstances require immediate financial support of programs sustaining life or providing other vital services.

Benefits

The ERMA account provides the President with the flexibility to respond in a timely basis to life-threatening emergency refugee situations around the world.

0045Z

ANTI-TERRORISM ASSISTANCE

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Program Management....	$306	$300	$310	$10
Executive Seminars....	144	250	250	--
Program Design and Development..........	161	100	600	500
Training, Evaluations and Other Related Activities...........	9,035	9,140	9,766	626
Equipment Grants......	194	184	1,100	916
Appropriation Total...	$9,840	$9,974	$12,026	$2,052

Explanation of 1991 request

For FY 1991, an increase of $2,052,000 represents program increases for design and development, training and equipment (in particular, funds to purchase six airport security x-ray machines) as well as inflationary price increases.

Purpose of program

The Anti-Terrorism Assistance Program (ATA) enables the Department to work with other nations to combat the terrorist threat. Authorized in 1983, the program seeks to:

- o strengthen the bilateral relationship between the U.S. and like-minded participating countries;
- o foster cooperative relationships among foreign civil law enforcement agencies; and
- o provide the counterterrorism program assistance that will enhance the anti-terrorism skills and capabilities of participating countries to combat the terrorist threat.

Program description

The FY 1991 request of $12,000,000 will fund the following activities:

- o Program Management - $310,000 provides for all operating expenses for the ATA program, primarily travel to promote, present, and explain ATA's goals; to develop and coordinate executive seminars; to participate as head of the assessment teams; and to develop and schedule training.

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ANTI-TERRORISM ASSISTANCE (continued)

Program description (continued)

- Executive Seminars - $250,000 to enable senior foreign policy makers to discuss issues and view methods used by the U.S. in countering the terrorist threat. Five executive seminars are planned for FY 1991.
- Program Design and Development - $600,000 for activities conducted in foreign countries by teams of U.S. experts in anti-terrorism to identify situations which would benefit from ATA program assistance and to develop training approaches and objectives tailored to the countries' needs. A program increase of $500,000 is requested for FY 1991 to fund 10 comprehensive needs/program assessments for selected countries.
- Training - $9,766,000 for approximately 1,350 individuals from 30 countries to participate in 70 training events. The increase of $626,000 consists of $313,000 for inflation and $313,000 for two additional transportation security courses, one in airport security and the other in maritime security.
- Equipment - $1,100,000 for grants given to participating countries which have completed specialized training courses and are unable to fund purchases of their own equipment such as airport security and bomb disposal apparatus. The increase of $916,000 will help fund the purchase of 6 to 8 airport security x-ray machines.

Benefits

Dealing with terrorist attacks overseas is primarily the responsibility of the countries in which they occur. This program promotes the cooperation of other countries and ensures that they are more qualified to fight international terrorism. The benefit of this training assistance is to make participating countries less appealing targets for terrorists and to strengthen world pressure against terrorism.

INTERNATIONAL NARCOTICS CONTROL

Program activities summary

Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Latin America........	$55,400	$57,400	$86,600	$29,200
East Asia............	4,270	9,040	4,500	-4,540
Near East/South Asia.	7,600	6,500	8,350	1,850
Inter-Regional Aviation Support....	22,700	28,000	33,450	5,450
International Organizations.......	1,100	3,100	5,100	2,000
Inter-Regional Programs............	6,330	5,500	7,000	1,500
Program Development and Support.........	3,600	3,500	5,000	1,500
Total Availability...	101,000	113,040	150,000	36,960
1990 Sequestration...	--	1,465	--	-1,465
Appropriation Total..	$101,000	$114,505	$150,000	$35,495

Purpose of program

The primary purpose of the International Narcotics Control program is to prevent the entry of illicit drugs into the United States. The Department places major emphasis on building host country capabilities to dismantle drug trafficking organizations, reduce illicit crop production and interdict drugs as they move from source countries through transit countries into the United States.

Explanation of 1991 request

The Department is requesting $150,000,000 as its part of the Administration's overall program to reduce the international supply of drugs entering the United States. In supporting this goal, we are requesting funds in the following areas:

Latin America:

In FY 1991, $86,600,000, or over half of the total program budget, is requested to implement the President's Andean Strategy focusing on the coca producing countries of Colombia, Peru, and Bolivia and to help other Latin American governments dismantle trafficking organizations, seize drug shipments and reduce illicit production. The Department will provide commodities, technical assistance, training and operational support to Peru, Bolivia, Brazil, Colombia, Jamaica, Argentina,

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Explanation of 1991 request (continued)

Latin America (continued):

Paraguay, Venezuela and other Latin American countries to immobilize trafficking organizations, interdict shipments of precursor and drug products, improve tactical intelligence, and eradicate illegal narcotics crops when eradication can be effective.

During FY 1991, the Department plans to continue supporting joint drug interdiction activities and information coordination centers in the Caribbean and other transit countries and will provide technical assistance to countries in Latin America and the Caribbean for drug abuse education/prevention.

East Asia:

The Department is requesting $4,500,000 to continue the narcotics control programs in Thailand and Laos. These funds will be used to improve the investigation capabilities of the police, support the Royal Thai government's efforts to control the cultivation and processing of opium poppy and marijuana, and provide economic assistance to opium farmers who voluntarily comply with the transition to legal crop cultivation. In Laos, the program will continue to provide alternative economic incentives for producer regions through the development of alternative crops to reduce and eventually eliminate the dependence of the local population on opium cultivation. Throughout the region we will emphasize measures aimed at breaking up trafficking organizations and rooting out corruption.

Near East/South Asia:

The Department is requesting $8,350,000 to support programs in Pakistan and Turkey, as well as countries in the Asia/Africa region. Funds will continue to assist the Pakistan government to enforce its ban on opium cultivation through crop control efforts and continue the three-year rural development project in the Northwest Frontier Province, thereby permitting accelerated extension of the poppy ban to additional areas. The Department will also continue to support the elite anti-narcotics unit to improve the interdiction capabilities of the Pakistan government with enforcement training, equipment and operational and technical support, including support for eradication operations.

In Turkey, project goals include reducing narcotics trafficking through enforcement measures, eliminating heroin production laboratories throughout the country, implementing drug prevention and education programs, and establishing treatment and rehabilitation centers.

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Explanation of 1991 request (continued)

Near East/South Asia (continued):

Asia/Africa regional program funds will be used exclusively to increase cooperation for narcotics control between the U.S. government and certain countries in this area, including Egypt, Malaysia, Mauritius, the Philippines, Nigeria and other countries in North Africa, sub-Saharan Africa and the Mediterranean basin.

Inter-Regional Aviation Support:

Aviation support represents a major resource component of the Department's narcotics control program. For FY 1991, $33,450,000 is requested to provide operations and maintenance services to support interdiction and eradication operations in major coca, opium, and marijuana producing countries. Approximately 75 percent of the resources in this activity are devoted to aviation support in Peru, Bolivia and Colombia.

International Organizations:

The FY 1991 budget request of $5,100,000 will provide funding for the United Nations Fund for Drug Abuse Control (UNFDAC), the Colombo Plan, the Organization of American States (OAS) and other multilateral narcotics control programs undertaken under the auspices of other international organizations. This funding level demonstrates the willingness of the United States to pursue and support multilateral narcotics control initiatives as set forth in the President's strategy to complement bilateral programs. These international programs will be monitored closely for their effectiveness, and contributions will be keyed to demonstrated results in specific areas of priority to the U.S. Government.

Inter-Regional Programs:

In FY 1991, $7,000,000 is requested to support the Department's training, international demand reduction, herbicide research and executive observation programs.

In FY 1991, the Department will continue to fund U.S. Drug Enforcement Administration (DEA), U.S. Customs Service, and U.S. Coast Guard training for foreign officials from 55-60 countries through programs in host countries, in the United States and Executive Observation Programs. Increased emphasis will continue to be placed on other Department of State-sponsored activities, e.g., maritime interdiction training and narcotic detector dog training.

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INTERNATIONAL NARCOTICS CONTROL (continued)

Explanation of 1991 request (continued)

Inter-Regional Programs (continued):

The Department's centrally-managed public diplomacy and demand reduction programs contribute to international narcotics control by mobilizing support for international narcotics control policies and programs around the world. These projects encourage greater political and public awareness of the link between domestic drug abuse, international trends in production and trafficking and the steps which societies and governments can take to control drugs and meet their international commitments. The program also provides technical assistance in the areas of drug abuse prevention, treatment and related research to help participating countries.

The Department, in cooperation with the U.S. Department of Agriculture, will continue to fund a joint research effort to identify ecologically safe means of eradicating coca and other narcotic crops, through chemical and other means.

Program Development and Support:

The FY 1991 request of $5,000,000 will enable the Department to maintain and support a Washington-based staff of technical and administrative personnel responsible for supporting and coordinating the Department's world-wide activities. These funds will be used to cover such costs as Washington staff salaries and expenses, consultant travel to field programs, conferences and training. Contract personnel costs are also included to provide the Department with technical advice on such matters as aviation operations and maintenance, aerial photography, photo/electronic mapping for crop detection and economic development to encourage source countries to move to different crops.

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INTERNATIONAL NARCOTICS CONTROL (continued)

Program description

This appropriation involves far-reaching, multi-faceted activities aimed at controlling the trafficking, cultivation and production of illicit drugs into the U.S. from key geographic areas. The Department accomplishes these activities through:

- enforcement assistance and interdiction;
- crop control and eradication, where effective; and
- other activities such as public awareness, training and demand reduction projects.

Benefits

This program represents a long-term commitment to reduce the level of narcotics production, trafficking and abuse on a global basis. By addressing all elements of the international grower-to-user chain, the international narcotics control program seeks not only to reduce the supply of narcotics entering the United States, but to provide critical assistance and technical expertise to other nations committed to controlling their own drug problems. International narcotics control assistance enables countries to mount effective interdiction, eradication, and demand reduction programs, and to engage in regional approaches to the drug problem. This regional approach has complemented successes that individual countries have made on their own. Among these successes are:

- strengthened political will of the Colombian government as demonstrated by increased arrests and extradition of major traffickers;
- a sustained police campaign against cocaine laboratories in Colombia which has destroyed hundreds of laboratories and seized over 30 tons of cocaine;
- Peru's program to test herbicides for potential use against coca;
- record Mexican cocaine seizures in 1989 and the arrest and conviction of major traffickers;
- virtual elimination of Thailand as a major opium producer;
- the decision of the government of Pakistan to enforce the opium ban in two opium growing areas and to establish more effective law enforcement programs;

(continued on next page)

INTERNATIONAL NARCOTICS CONTROL (continued)

Benefits (continued)	o successful marijuana eradication programs in Colombia, Jamaica, Guatemala and Belize; o successful bilateral discussions with counter-narcotics leaders in Europe, Canada and Japan to pursue common approaches to the narcotics problem, particularly in the areas of money laundering, the export of precursor chemicals and coordinated assistance approaches; o a U.S./U.S.S.R. joint agreement to cooperate on narcotics control efforts; and o large drug seizures in African nations as a result of successful regional training programs which have fostered increased sensitivity among African nations to the potential danger of becoming drug transit centers.

0042Z

VI. PERMANENT APPROPRIATIONS AND TRUST FUNDS

OVERVIEW

Introduction

The following is a brief description of the 1991 activities financed from permanent appropriations and trust funds totaling $687,754,000.

Summary

Payment to the Foreign Service Retirement and Disability Fund.......	$116,600,000
International Center..................	1,284,000
Trust Funds...........................	837,734,000
Offsetting Receipts...................	-267,864,000
Total.................................	$687,754,000

Payment to the Foreign Service Retirement and Disability Fund

Based upon the U.S. Department of Treasury actuarial estimates, $116,600,000 will be required in 1991 for payment to the Foreign Service Retirement and Disability Fund. This permanent indefinite appropriation is authorized by Section 822 of the Foreign Service Act of 1980 (Public Law 96-465) which requires that the Secretary of the Treasury make annual payments to the retirement fund of an amount equal to: (1) interest on the unfunded liability, and (2) annuity disbursement attributable to military service.

International Center, Washington, D.C.

The International Center is a permanent indefinite appropriation representing the funds derived (an estimated $1,284,000 in 1991) from the leasing of property owned by the United States in the District of Columbia to foreign governments for use as Embassies. These funds will be used to finance costs of site preparation by the Center.

Trust funds

Trust fund accounts are estimated in 1991 to be a net of $837,734,000. The majority of these funds consists of the Foreign Service Retirement and Disability Fund.

Offsetting receipts

These transactions represent various collections that offset budget authority such as miscellaneous interest collections, fees for services, receipts from property sales and other offsets. The largest offset is an interfund transaction which offsets the Department's overall budget authority requirements for amounts separately appropriated to State and AID to maintain the Foreign Service Retirement and Disability Trust Fund. The total of all of these types of offsetting receipts is a net of -$267,864,000.

0043Z

EXPLANATION OF LANGUAGE CHANGES

This section explains changes in the text of appropriation language other than changes in dollar amounts or fiscal year designations. Proposed deletions are denoted by enclosures in brackets ([ ]) while proposed insertions are in italic print.

TITLE III--DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

SALARIES AND EXPENSES

For necessary expenses of the Department of State and the Foreign Service, not otherwise provided for, including obligations of the United States abroad pursuant to treaties, international agreements, and binational contracts (including obligations assumed in Germany on or after June 5, 1945) and expenses authorized by section 9 of the Act of August 31, 1964, as amended (31 U.S.C. 3721), and section 2 of the State Department Basic Authorities Act of 1956, as amended (22 U.S.C. 2669); telecommunications; expenses necessary to provide maximum physical security in Government-owned and leased properties and vehicles abroad; representation to certain international organizations in which the United States participates pursuant to treaties, ratified pursuant to the advice and consent of the Senate, conventions, or specific Acts of Congress; acquisition by exchange or purchase of passenger motor vehicles as authorized by 31 U.S.C. 1343, 40 U.S.C. 481(c) and 22 U.S.C. 2674, except that passenger motor vehicles with additional systems and equipment may be purchased without regard to any price limitation otherwise established by law as authorized by 31 U.S.C. 1343(c), [$1,741,239,000] *$1,906,378,000*, and in addition not to exceed $250,000 in registration fees collected pursuant to section 38 of the Arms Export Control Act, as amended, may be used in accordance with section 38(b)(3)(A) of such Act (section 1255(c) of Public Law 100-204). [In addition, not to exceed $51,152,000, to remain available until expended, may be transferred to this appropriation from "Acquisition and Maintenance of Buildings Abroad": *Provided*, That the level of service provided through the Foreign Affairs Administrative Support System (FAAS) shall be commensurate with the amounts appropriated, or otherwise made available therefor in appropriations Acts.] *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Proposed Changes:

1. The transfer of $51,152,000 from the Acquisition and Maintenance of Buildings Abroad Appropriation to Salaries and Expenses was a one-time occurrence and will not be required in FY 1991.

2. Section 38(b)(3)(A) applies by its terms only to funds in fiscal years 1988 and 1989. This change makes clear that the reference to that section is to the purposes set forth.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

For necessary expenses for carrying out the Foreign Service Buildings Act of 1926, as amended (22 U.S.C. 292-300), and the Diplomatic Security Construction Program as authorized by title IV of the Omnibus Diplomatic Security and Antiterrorism Act of 1986 (22 U.S.C. 4851), [$348,100,000] *$317,775,000*, to remain available until expended as authorized by 22 U.S.C. 2696(c)[: *Provided*, That none of the funds appropriated in this paragraph shall be available for acquisition of furniture and furnishings and generators for other departments and agencies]. *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Proposed Change:

Deletion of the second proviso is requested because this issue should be dealt with in the broader context of greater cost sharing by all agencies at our missions abroad.

INTERNATIONAL ORGANIZATION AND CONFERENCES

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

For expenses, not otherwise provided for, necessary to meet annual obligations of membership in international multilateral organizations, pursuant to treaties ratified pursuant to the advice and consent of the Senate, conventions or specific Acts of Congress [$622,000,000] *$1,158,481,000 of which, not to exceed $163,595,000 shall remain available until expended to pay arrearages incurred through fiscal year 1990, the payment of which shall be directed toward special activities that are mutually agreed upon by the United States and the respective international organizations*: *Provided*, That none of the funds appropriated in this paragraph shall be available for a United States contribution to an international organization for the United States share of interest costs made known to the United States Government by such organization for loans incurred on or after October 1, 1984, through external borrowings. *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Proposed Change:

The proposed insertion is required to make clear the availability of FY 1991 appropriated funds for the payment of prior year arrearages.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

For payments, not otherwise provided for, by the United States for expenses of the United Nations peacekeeping forces, [including arrearages incurred through fiscal year 1989, $61,500,000] *$[illegible],000, of which not to exceed $156,771,000 shall remain available until expended to pay arrearages incurred through fiscal year 1990. (Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Proposed Change:

The proposed deletion and insertion is required to make clear the availability of FY 1991 appropriated funds for the payment of prior year arrearages.

INTERNATIONAL CONFERENCES AND CONTINGENCIES

For necessary expenses authorized by section 5 of the State Department Basic Authorities Act of 1956, contributions for the United States share of general expenses of international organizations[, including arrearages incurred through fiscal year 1989,] and representation to such organizations as provided for by 22 U.S.C. 2656 and 2672 and personal services without regard to civil service and classification laws as authorized by 5 U.S.C. 5102, [$6,340,000] *$8,200,000*, to remain available until expended as authorized by 22 U.S.C. [2671(e)] *2696(c)*, of which not to exceed $200,000 may be expended for representation as authorized by 22 U.S.C. [2269 and] 4085. *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Proposed Changes:

1. The proposed deletion is requested because no payment of arrearages will be made.

2. The proposed two insertions are requested to correct reference errors made to the United States Code (U.S.C.)

INTERNATIONAL COMMISSIONS

INTERNATIONAL FISHERIES COMMISSIONS

[Notwithstanding section 15(a) of the State Department Basic Authorities Act of 1956, as amended, for] For necessary expenses for international fisheries commissions, not otherwise provided for, [$12,300,000] *$10,700,000: Provided*, That the United States share of such expenses may be advanced to the respective commissions, pursuant to 31 U.S.C. 3324(b). *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

__Proposed Change:__

Assuming there is an Authorization Bill for FY 1991 with adequate authorization for this account, this waiver provision will not be needed.

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FOREIGN ASSISTANCE

MIGRATION AND REFUGEE ASSISTANCE

For expenses, not otherwise provided for, necessary to enable the Secretary of State to provide, as authorized by law, a contribution to the International Committee of the Red Cross and assistance to refugees, including contributions to the Intergovernmental Committee for Migration and the United Nations High Commissioner for Refugees, salaries and expenses of personnel and dependents as authorized by the Foreign Service Act of 1980; allowances as authorized by sections 5921 through 5925 of title 5, United States Code; hire of passenger motor vehicles; and services as authorized by section 3109 of title 5, United States Code; [$370,000,000] *$450,618,000*: *Provided*, [That not less than $25,000,000 shall be available for Soviet, Eastern European and other refugees resettling in Israel: *Provided further*,] That funds appropriated under this heading shall be administered in a manner that ensures equity in the treatment of all refugees receiving Federal assistance [*Provided further*, That no funds herein appropriated shall be used to assist directly in the migration to any nation in the Western Hemisphere of any person not having a security clearance based on reasonable standards to ensure against Communist infiltration in the Western Hemisphere: *Provided further*, That of the funds appropriated under this heading not less than $15,000,000 shall be available for Refugee Entrant Assistance: *Provided further*, That of the funds appropriated under this heading not less than $46,000,000 shall be made available for the refugee admission program for first asylum refugees from East Asia: *Provided further*, That section 584(a)(3) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1988 (as contained in section 101(e) of Public Law 100-202) is amended by striking "8 months" and inserting "one year": *Provided further*, That of the funds appropriated under this heading not less than $1,500,000 shall be made available for a Thailand-Cambodia border refugee protection program: *Provided further*, That of the funds appropriated under this heading not less than $1,500,000 shall be made available for the antipiracy program, none of which funds shall be used by any government to deny asylum to individuals seeking asylum: *Provided further*, That not less than $10,000,000 shall be made available to the Republic of Turkey for assistance for shelter, food and other basic needs to ethnic Turkish refugees fleeing the People's Republic of Bulgaria and resettling on the sovereign territory of Turkey: *Provided further*, That section 584(a)(1)(B) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1988 (as contained in section 101(e) of Public Law 100-202), is amended by striking "during the 2-year period beginning 90 days after the date of the enactment of this Act" and inserting "during the period beginning on March 22, 1988, and ending on September 30, 1990": *Provided further*, That the sixth proviso under Migration and Refugee Assistance, Department of State, in title II of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1989 is amended by striking "before the end of the 2-year period" and inserting "before the end of the period": *Provided further*, That not more than $8,250,000 of the funds appropriated under this heading shall be available for the administrative expenses of the Office of Refugee Programs of the Department of State: *Provided further*, That of the funds appropriated under this heading, $250,000 shall be made available, notwithstanding any other provision of law, for food, medicine, medical supplies, medical training, clothing, and other humanitarian assistance for displaced Burmese students at camps on the border with Thailand]. *(Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Proposed Changes:

1. The first requested deletion eliminates earmarkings added to the FY 1989 appropriations so that the proposed language is not limiting and is consistent with the FY 1991 request.

2. The second proposed deletion removes specific references to "any nation in the Western Hemisphere." Present language requires security clearances for persons who may receive limited voluntary agency service funded by the United States without resettling in the U.S. Granting these clearances diverts staff resources that could better be used in other activities. Eliminating specific earmarkings will also make the proposed language consistent with the FY 1991 request.

-A-8-

INTERNATIONAL NARCOTICS CONTROL

For necessary expenses to carry out the provisions of section 481 of the Foreign Assistance Act of 1961, as *amended*, [$115,000,000] *$150,000,000*: *Provided*, That in carrying out the provisions of section 481, increased emphasis should be placed on (1) further intensifying United States efforts in the eradication and interdiction of illicit narcotics, and (2) seeking international cooperation on narcotics enforcement matters such as in the areas of extradition treaties, mutual legal assistance to combat money laundering, sharing of evidence, and other initiatives for cooperative narcotics enforcement efforts[: *Provided further*, That of the funds made available under this heading, such funds as the President deems necessary may be made available for the funding of United States participation in a multilateral antinarcotics strike force not including any Communist or Warsaw Pact troops: *Provided further*, That funds for such a force may only be provided if the Committees on Appropriations of the House of Representatives and of the Senate are notified at least 15 days in advance of the obligation of funds]. *(Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Proposed Changes:

1. The proposed insertion makes the language technically more correct.
2. The proposed deletion refers to an early FY 1990 provision which will not be applicable in FY 1991.

GENERAL PROVISIONS--DEPARTMENT OF STATE

The following section is proposed for deletion and does not appear below:

Sec. 302 ..... Requirement for additional budget justification materials to be submitted to the Committees on Appropriations.

Sec. 301. Funds appropriated under this title shall be available, except as otherwise provided, for allowances and differentials as authorized by subchapter 59 of 5 U.S.C.; for services as authorized by 5 U.S.C. 3109; and hire of passenger transportation pursuant to 31 U.S.C 1343(b). *(Department of State Appropriations Act, 1990.)*

Sec. 614. The funds appropriated by this Act for the Department of State and the United States Information Agency may be obligated and expended, at a rate of operations not exceeding the rate available for fiscal year 1989 or the rate provided in H.R. 2991 as passed the Senate, whichever is lower and under the authority and conditions in applicable appropriations Acts for fiscal year 1989, notwithstanding section 15 of the State Department Basic Authorities Act of 1956 and section 701 of the United States Information and Educational Exchange Act of 1948.

Proposed Changes:

1. Section 302: The Department will continue to work closely with the Congress on developing budget justification materials that meet the requirements of the Committees on Appropriations. This section is no longer required.

2. Section 614: The Department presumes that an Authorization Act will be enacted and that no such waiver will be needed in FY 1991. If a waiver is required, the deletion will allow full expenditure of amounts appropriated.

Mr. **Smith**. Mr. Secretary, I apologize, but we are having a full committee meeting next door that was supposed to be over by 10 o'clock.

We may have to temporarily adjourn to go back. We will do our best here.

Do you have a statement, Mr. Secretary?

Secretary **Baker**. I have a statement I would like to ask be inserted in the record.

I would like to summarize it. It will take me about 10 minutes.

Mr. **Smith** That will be fine.

GENERAL STATEMENT

Secretary **Baker**. I welcome the opportunity to be here this morning and to review with you our foreign policy priorities and our fiscal year 1991 budget request for the Department.

Last year when I appeared before this Subcommittee, Mr. Chairman, I described a world in transition. It was my opinion then and is even more so now, that basic American values such as freedom, democracy, human dignity and fair play offered us the best foreign policy guide for this rapidly changing world.

Over the last years, particularly over the last year, those values and the necessity for American leadership have been very much in evidence.

As I said then, and will repeat now, I think that there is an equal need for bipartisanship in our foreign policy.

We are meeting here in the aftermath of yet another triumph for democracy. I know, Mr. Chairman, that you and Members of the Committee share my gratification that the free and fair Nicaraguan elections mark an essential step toward restoring democracy and peace in that strife-torn country. The President has declared our readiness to assist Mrs. Chamorro in the urgent task of reconciliation and reconstruction in Nicaragua.

I think it is fair to say at last we are on the verge of achieving the goal of the Central American Peace process, peace and democracy throughout the region.

Truly, I think we are on the edge of a new world of democracy. If I might, let me highlight a few examples from my trip abroad last month.

First in Prague, the old Czech and Slovak Republic is being recreated as a new and vigorous democracy. In Moscow the Communist Party Plenum abandoned the guarantee of party primacy, setting the stage for the beginnings of possible multi-party politics. In Bulgaria and Romania, new and vital opposition groups are pressing for free and fair elections, all of which I think represents the birth pangs of democracy.

In Ottawa, I worked with my colleagues in the North Atlantic Treaty Alliance—the established democracies—to make progress on arms control and new security arrangements that promise at last a Europe whole and free, including a democratic Germany as a member of the Atlantic Alliance. Chancellor Kohl's recent visit here reaffirmed that the longstanding U.S.-German partnership—a partnership of free people—will continue to play a vital role in New Europe. And just this past weekend the President signaled the importance of our bilateral relationship with the Japanese democracy in his meetings with Prime Minister Kaifu.

Finally, the democracies of our hemisphere, led by President Bush, took a large step forward at the Cartagena Summit in an increasingly united campaign to win the war against drugs.

While all of this was going on, the welcome news of the release of Nelson Mandela reminded us of the worldwide sweep of the surge toward freedom. The President expressed the good wishes of the American people when he said new hope arrived in spring. We look forward to the continuation of President de Klerk's policy of reshaping the future of his country in cooperation with all Africans.

Prudent commitment of United States resources will be essential to advance the promising changes we see on the horizon.

MAJOR CHALLENGES IN THE 1990'S

In my written statement I have described five major challenges the United States will face in the 1990's: consolidating democracy, building free markets, helping the peacemakers, protecting the world against transnational dangers' and renewing our alliances. Providing adequate funding for our basic diplomatic activities is going to be an essential prerequisite to our ability to meet each of these challenges.

In a world of declining East-West tensions, effective diplomacy will determine to an ever larger degree our capacity to manage change. Our investments in our own human resources—together with the technology to back them up—will be critical to anticipate and to respond to change in a dynamic world environment.

This brings me, Mr. Chairman, to our fiscal year 1991 funding request. With respect to the important categories assigned to this subcommittee, Mr. Chairman, we are requesting $4.1 billion in budget authority for State Department operations and international organizations, an increase of $1.1 billion from the fully appropriated levels of fiscal year 1990.

Our budget request for fiscal year 1991 can be divided into three parts.

First, two funding initiatives designed to respond to some of the most urgent requirements on the world stage.

Second, our core State Department operating budget is essential if we are to maintain the progress which is now bearing fruit in the flourishing of democracy and free markets around the world.

And finally, our budget for International Organizations, International Commissions and other Appropriations, which is central to our efforts to maintain a leadership role for America in multilateral diplomacy.

Turning to our funding initiatives, we ask for your support in appropriating $620 million to clear United States arrearages to the U.N., to other international organizations and U.N. peacekeeping activities. Actual payments to international organizations would be phased in over a five-year period, as reforms continue.

As we have assured the Congress, all payments of arrearages would be directed toward special activities worked out between the United States and the individual organizations. The President feels strongly that a carefully structured arrears initiative is essential to maintaining United States leadership in these multilateral organizations. Over the next decade we expect an invigorated U.N. to make greater contributions to peacekeeping efforts, refugee settlement and transnational issues including narcotics, the environment and terrorism.

To maintain our credibility and influence with these multilateral organizations as they address some of the greatest challenges of the next decade, the United States really must live up to its solemn financial commitments.

NEW EMBASSY BUILDING IN MOSCOW

We also seek $270 million for construction of a new embassy building in Moscow. Last year, Mr. Chairman, I promised this Subcommittee that we would conduct a prompt review, and submit our recommendations in our fiscal year 1991 budget request.

That review has been completed. The Administration has decided that tearing down the existing uncompleted new structure and rebuilding it in place is the preferable approach.

This option offers the most practical and timely means of obtaining sufficient, fully secure space at a reasonable cost.

Apart from these two initiatives our core budget request has been pared back to the minimum.

For Administration of Foreign Affairs we are requesting $2.66 billion in budget authority for fiscal year 1991. Apart from the Moscow Embassy initiative I described above, this represents a net increase of $146 million over our current year levels, largely to meet price and wage increases and to protect the integrity of the FAAS Administrative Support System.

For International Organizations, we are requesting $695 million in budget authority to meet our full current assessments, plus an additional $464 million for the arrears initiative that I just outlined.

For International Peacekeeping Activities we request $91 million to meet our full funding obligations plus $157 million for arrearages.

We also seek $8.2 million for International Conferences and Contingencies to support American participation in multilateral and international conferences, including CSCE.

For International Commissions we request $35.6 million to meet our treaty commitments under boundary agreements with Canada and Mexico, and to cover our share of expenses as a member of International Fisheries Commissions.

Also included in this title are resources for Bilateral Science and Technology Agreements with Hungary, Yugoslavia and Poland—($5 million); The Asia Foundation ($14 million); and the Soviet East European Research Training Fund ($4.6 million).

I would refer you, Mr. Chairman, to my written statement for additional details on our funding request, and I would conclude simply on this note.

It is often said that there is no constituency for foreign affairs in this country.

I really don't think I agree with that, Mr. Chairman. Just to cite a recent example, Americans of all stripes rallied behind our efforts to help restore democracy to Panama, just as we saluted the free and fair elections in Nicaragua.

I think the American people are prepared to stand up and be counted in support of one of our most cherished values, the value of political freedom. The jury is still out, however, on our willingness to make the necessary investments in our diplomacy, to pave the way to a more promising future.

This Subcommittee plays a very vital role in that process. So I would like to suggest that we work together on a bipartisan basis to ensure we have the resources that are necessary to maintain strong American leadership into the next century.

This, in turn, will ensure that fundamental values and interests continue to flourish around the world.

REPEAL OF SECTION 614

Finally, Mr. Chairman, with respect to a serious problem we face with our current year funding levels, we want to work closely with you to restore full funding through repeal of Section 614. This action is essential if we are to carry out an effective bipartisan foreign policy in these changing times.

Thank you, Mr. Chairman.

[The prepared statement of Secretary Baker follows:]

STATEMENT OF

SECRETARY OF STATE JAMES A. BAKER, III

BEFORE THE

SENATE APPROPRIATIONS SUBCOMMITTEE ON
COMMERCE, JUSTICE, STATE
AND RELATED AGENCIES

April 13, 1989

Mr. Chairman, Members of the Subcommittee:

I am honored to appear before you today as Secretary of State to discuss our foreign policy and components of our Fiscal Year 1990 budget proposal in support of that policy.

America today is a strong and vibrant nation. The American system of government works and our democratic values and our institutions are solid. Abroad, the United States, working with its allies and friends, has fashioned an international environment more conducive to freedom. We can lead the world toward a promising future. But to do that, we must understand our world and the way it is changing.

Let me cite the major changes we see today:

-- Around the globe, there is increased respect for and interest in democratic values of openness, human dignity, pluralism and democracy.

-- Today, we find ever broader acceptance of the proposition that in our increasingly interrelated world, national security cannot be achieved through military means alone.

-- With the help of creative American diplomacy, regional conflicts long thought to be intractable have begun moving toward resolution.

-- Our most powerful foe, the Soviet Union, so aggressive a decade ago, is undergoing a soul-searching of historic proportions.

-- Through their own experience and by our example, more and more nations are realizing that the freeing of market forces and human creativity is the true basis for sustained prosperity and national success.

-- There is greater recognition of the need for cooperative solutions to worldwide concerns such as environmental issues and global economic growth.

For the most part, these changes are positive and they reflect our objectives. There is every reason to look to the future with optimism. Still, it would be a serious mistake to assume that continued progress is assured. In all the transformations underway -- the democratic revolution, the spread of free enterprise, major changes in the communist world, rapid changes in technology, and changing strategic-military relationships -- there are trends to be found favorable to our interests. But there is and can be no reason for complacency. Every one of these transformations holds within it a contrary trend that could set us back.

-- We could advance toward an increasingly democratic world, or, if fragile democracies fail, the cause of freedom could be set back.

-- The international economy could continue to grow, or the stresses of competition could lead to protectionism and rival trading blocs -- ultimately to the disadvantage of all.

-- A properly conceived approach by the Atlantic Alliance could extend the progress we have made with the Soviet Union. Or through mistakes on either side of the Iron Curtain, this opportunity could be lost.

-- Finally, new military technologies could provide greater stability at lower levels of forces. Or we could encounter a new and darker age if we cannot halt the spread of weapons that put nations on a hair-trigger, particularly in politically unstable regions.

Important differences based on fundamental values and interests continue to guide the policies of nations -- both toward their own citizens and toward other members of the international community. Being fundamental, these differences must never be minimized. They do not lend themselves to easy resolution.

Thanks to eight good years of the Reagan era, we are more confident going into the 1990s than we were at the beginning of the 1980s.

This Administration pledges to work with Congress to ensure that we remain in a strong position to tackle the foreign policy challenges ahead. To succeed, the Executive and Congress must approach foreign policy in the spirit of bipartisanship. This does not mean that we will not have our differences. Airing those differences in a manner that respects the right of others to disagree is a strong affirmation of the democratic process. But eventually we must proceed. And when we do it is best that we do so together if we are to achieve the national interest.

Recent experience affirms this lesson. When we held the line together, on Afghanistan for example, and throughout the INF negotiations, we succeeded. When we did not -- as in Central America -- the outcome was unsatisfactory to everyone.

Proceeding together in a bipartisan fashion also means more than just verbal agreement. It also requires a pragmatic investment of funds. And that is why I am glad to come before this Committee today to discuss the main lines of our foreign policy and our fiscal year 1990 budget request in support of that policy, particularly as it relates to the State Department.

Armed then with the conviction of American leadership and the practice of bipartisanship, let us together -- the Executive and the Congress -- tackle the formidable agenda before us.

The International Agenda: The Americas

First on that agenda is our neighborhood -- the countries of our hemisphere.

We share with Canada a border extending over 5,000 miles. And while we have our differences from time to time, as all nations do, that border has long facilitated peaceful contact between peoples sharing similar values and outlook, as well as commerce on an enormous and growing scale.

Recently, working with Canada, we achieved a Free Trade Agreement. The Agreement is in our mutual interest. Moreover, by showing how free trade policies can promote economic well-being and turn back the forces of protectionism, it also represents a signal success in a strategy designed to move all nations toward a more open trading system. And we look forward to working with Canada on other important issues, including international environmental problems, as we extend the range of our cooperation.

To the South, we have equally significant issues to consider.

I'd like to reiterate the suggestion I made in my confirmation hearing. In 1992, we will celebrate the 500th anniversary of Columbus' voyage of discovery. Let us mark that event now by embarking on a voyage of rediscovery -- of the Caribbean and of South America. Our neighbors are engaged in a quest for economic progress and greater freedom. We share many of their interests. And together we also face the scourge of drugs. Now is the time to take a fresh look at these problems.

The United States will not stand aloof from the important challenges confronting countries in the southern part of our hemisphere. Our neighbor Mexico is deeply in debt and faces serious challenges to its social fabric. But Mexico also has many assets -- the capabilities of its people and its significant natural resources. The Mexican Government, led by President Salinas, is taking the difficult road of economic and political reform. We are determined to help.

Two weeks ago during the elections in El Salvador, we witnessed again the determination of ordinary people to vote to choose their leaders even where they had to risk their lives to cast their ballots.

Our Administration has negotiated a new bipartisan accord with the U.S. Congress on Central America, aimed at achieving peace and democracy in the region as a whole.

We are committed to work with Latin and Central American democratic leaders to translate the bright promise of the Esquipulas Agreement into concrete realities on the ground. Together, we must insist that the promises of Esquipulas for democracy, peace, and security are not only kept, but verified, and that the Nicaraguan people's right to be free is ensured.

Moreover, the Soviet Union now has an opportunity to demonstrate "new thinking" in Central America by reducing its level of military support and supporting democracy, not insurgency. And, if we support dialogue between the Government of El Salvador and the Marxist guerrillas to end the conflict there, then we must insist on dialogue between the Government of Nicaragua and the peasant army of the Nicaraguan Resistance.

Transformation of our Allies and Friends

Let me move now from our neighborhood to the world overseas. The United States links together two highly dynamic, advanced regions -- Western Europe and the Pacific. We are at once an Atlantic and a Pacific power, and there should not be any thought to expand one relationship at the expense of the other.

Our friends and allies in both regions are experiencing great changes. Western Europe today is a far cry from the exhausted continent which emerged from World War II.

I believe that we are beginning to develop a new appreciation on our side and theirs of how we can adapt to these changes and to a different world.

I found a consensus among our Atlantic and Pacific allies (at least in general terms) on how we should deal with a changing Soviet Union. I found a recognition that we will need a common approach to the new opportunities created by the INF Treaty and CFE talks. We are working with our allies to refine a "comprehensive concept" on security and arms control. We must also develop an equitable basis for sharing risks and responsibilities.

We also talked on my trip about how we, the U.S. and its West European friends, can work better to respond to the enormous economic changes which are taking place in the Atlantic region. In only three years, the Common Market will achieve the objective of the 1957 Treaty of Rome which established it -- a single market. I emphasized that the new Europe -- this rising economic superpower -- must be outward and not inward looking. I noted also that as an ally and a major trading partner, the United States will take a keen interest in this transformation.

Turning to the Pacific Rim, we find a striking success already in the making. No other area has created such advanced economies in such a short time.

Our relations with the Pacific -- as with Europe and our own continent -- must emphasize outward-looking economic policies that promote trade and growth. I do not underestimate the challenge in Asia, or in other regions, of achieving free and fair trade. After nearly a decade when the American economy has driven international growth, we all face a changing world. The rule that success brings responsibility will find a fuller expression as the Pacific nations assume more important economic and political roles.

We have vital political and strategic interests in the Pacific as well. These interests are well served by military capabilities based in Japan, the Philippines and Korea -- and by our close cooperation with these nations. We must enhance that cooperation while shouldering common defense and development responsibilities.

During the President's recent trip to the Far East, he emphasized these points with the leadership of Japan, the People's Republic of China and the Republic of Korea.

Our relationship with the People's Republic of China, important in its own right, also contributes strongly to the overall stability of the international political order. President Bush's extensive, personal experience in China will facilitate the expansion of our important and multifaceted ties.

Transnational Issues

The future of our civilization also demands that we act in concert to deal with new transnational issues. Technological advances have brought enormous benefits. But at the same time, modern technology has created new complications. The old scourge of terrorism, for example, has taken on a new significance because of instantaneous communications and the development of powerful plastic explosives. Missile technology has magnified the destructive power and geographical reach of small groups determined to achieve their purposes by whatever means necessary.

The drug traffickers have benefitted from transportation and communications lines that often rival those of government.

It is increasingly evident that we face serious challenges to the health of our environment, and President Bush has called for an international conference on global environmental issues. I believe the United States must lead this effort. We should foster a change of attitude, a recognition that economic development and a secure environment are both necessary. They go together. As Treasury Secretary, I pressed the multilateral development banks to foster conservationally sound, sustained development, and to initiate special programs to promote conservation in developing countries. As Secretary of State, I hope to build on this record.

No one has yet perfected the approaches to joint action we need to deal with this special range of global problems. But the stakes are too high for us to ignore them. We will begin with our allies, include our friends, and challenge our adversaries to make common cause in treating these issues. Indeed, we have already obtained Soviet agreement to add transnational issues as a fifth part of the U.S.-Soviet agenda. For implementing policies and programs we will continue to rely heavily, although by no means exclusively, on the United Nations and its specialized agencies, which are contributing importantly to resolving many of the world's shared problems.

East-West Relations

Thanks to our policy of pursuing peace through strength, our dealings with the Soviet Union are less tense. We have made progress in arms control -- especially the INF Treaty -- human rights, bilateral ties, including a dramatic expansion in academic and cultural exchanges, and regional conflicts.

No one can doubt that change is underway. Soviet troops have left Afghanistan. Some political prisoners have been released. Emigration has increased dramatically. The Soviet Union has begun to expose its people to the heady notions of popular ballots and competitive elections.

And a new, more constructive Soviet approach to regional conflicts in Southern Africa and Southeast Asia holds out the promise that regional problems in those troubled areas may be on their way to resolution. And despite the recent complications posed by SWAPO's incursion into Namibia, we have reason to be optimistic that in the not too distant future Cuban troops will be withdrawn from Angola in conjunction with South Africa's departure from Namibia and the introduction of elections. We also look forward to the day when Vietnamese troops leave Cambodia.

No one can doubt that ferment is underway elsewhere in the East Bloc. We see far-reaching internal reforms initiated in Poland and Hungary -- reforms begun even prior to Mr. Gorbachev's efforts in the Soviet Union and driven by popular and economic imperatives. It is fascinating to hear the ongoing debates on the American- versus the French-style presidency. Throughout Eastern Europe, we see citizens pressing harder for personal freedoms and democracy in national life.

There are good reasons for both optimism and pessimism about the Soviet Union and Eastern Europe. But realism requires us to be prudent. The jury is still out on whether the process of reform will succeed. The internal resistance to reform appears to be stronger than Mr. Gorbachev anticipated. He is having better luck with political as compared to economic reform.

The Berlin Wall still stands as does the Brezhnev Doctrine. The Soviet Union remains a heavily armed superpower. While Soviet rhetoric is different, the force structure and policies that support far-reaching interests and clients have not yet changed commensurately. Perhaps they will, but that hasn't happened, not yet.

In light of both the change and continuity in the Soviet Union, realistic policy for America and its allies should be guided by these principles:

First, we should continue to welcome and encourage reform in the Soviet Union and Eastern Europe that promises more freedom. But the impetus and the foundation for meaningful reform must exist first within a country before encouragement from abroad can be effective. Perestroika depends not on help from outside, but on changes in the Soviet Union itself. That's a lesson Gorbachev learned from Brezhnev's failures. We should learn it as well.

Second, while recognizing that Moscow's policies are informed by a new sense of realism, we should also understand that our policies have contributed to that sense of realism. Our support for the Mujaheddin helped bring about the Soviet withdrawal from Afghanistan. NATO's willingness to deploy the Pershing and cruise missiles helped bring about the INF Treaty.

Third, we must continue to probe -- even challenge -- Moscow on every aspect of our expanding agenda -- arms control, human rights, regional conflicts, bilateral relations and transnational or global issues. We are interested in cooperating and negotiating to make progress wherever it can be made. We are also interested in seeing the "new thinking" applied in practice, not just in slogans.

Fourth, we need additional focus on regional problems, whether in Central America, South Asia, the Horn of Africa, Southern Africa, the Persian Gulf or the Arab-Israeli conflict. Soviet responsiveness in these areas may be one of the best indications of real change in Soviet behavior. Indeed, Moscow's responsiveness to our concerns about subversion in our hemisphere will be a key indication of Soviet intentions.

I explored these and other points during my first meeting with Foreign Minister Shevardnadze in Vienna. The Foreign Minister called it "a good beginning" and I would agree with that assessment. The atmosphere was positive and we had a broad, substantive discussion, including an hour one-on-one and an hour plenary. We decided to meet again in early May.

Let me give a brief review of our discussion.

I told the Foreign Minister, just as I've told our allies, that we believe perestroika is good for the Soviet Union and good for the world. It is clear to us, however, that the success of perestroika really depends on actions within the Soviet Union.

Mr. Shevardnadze agreed with my suggestion that we could expand the agenda of U.S.-Soviet relations to deal with missile and chemical proliferation and also transnational issues, such as the environment, drugs, terrorism and health. We also reviewed the existing agenda. After presenting him with a list of urgent human rights cases, I made clear that our commitment to attend the Moscow human rights conference in 1991 depended on continued progress. We want human rights gains to be institutionalized so they cannot be easily reversed.

The Foreign Minister understood that we had delayed the START negotiations in order to complete our strategic review. I assured him that we were determined to reach agreement, building on past progress, but we had to be sure of our basic strategic needs before we could do it. That's what the review is about.

Now, as you know, I went to Vienna to address the Foreign Ministers before their negotiations on conventional forces and confidence building measures. My speech emphasized the need for practical proposals that really change force structures so that a successful invasion would become impossible.

I also challenged the USSR to join with us in removing chemical weapons from Europe and destroying them.

I repeated these points to the Foreign Minister and it was encouraging to note that on conventional forces, the Soviets may be moving in our direction. Especially important is that the Soviet approach embodies deep reductions in tanks, artillery and armored personnel carriers. Such reductions could lead to the elimination of their capability for surprise offensive operations. But the differences in the Soviet and NATO proposals are still considerable, especially on the zone concept and their desire to include naval forces and aircraft in the negotiations. So we've got plenty of work to do.

We had a lengthy review of regional issues including Afghanistan, the Middle East, and especially Central America. My overall point here was that we'd like to see Soviet "new thinking" and new slogans filled in with content. In some areas we've seen little sign of content or changed behavior. We haven't seen it at all in Central America. Mr. Shevardnadze's trip and discussions in Iran also were not encouraging in this regard, and I told him so.

Finally on the Middle East, I emphasized the need for positive, constructive action on the ground rather than the premature convening of an international conferences. We want a process that leads somewhere, not just a process that elevates form over substance.

The Soviets could be helpful if they reestablished relations with Israel and used their influence with Syria and radical PLO elements to promote a dialogue between Israel and Palestinians. Above all, they could restrain radical states opposed to peace, such as Libya.

We agreed that our respective regional experts should get together soon. And on the issue of a summit, we're not ready yet to set a date, but will probably discuss it in the next ministerial in May.

To conclude this review, I am more convinced than ever that Western strength and Soviet domestic weakness have set the stage for the remarkable realism that has distinguished Mr. Gorbachev's tenure so far. As I discussed with our allies, we need to challenge the Soviets with new, well-considered initiatives in all aspects of our expanding agenda. Our task is to arrange affairs so that whatever the outcome of *perestroika*, a more responsible, constructive Soviet foreign policy will remain in Moscow's interest. Much of the world's hope for a more peaceful international order rests on the outcome.

Resolving Regional Conflicts

I want to turn now to those regional conflicts that have denied peace and freedom to the peoples of Africa, South and Southeast Asia, and the Middle East.

We have made encouraging progress in the recent agreement, mediated by the United States, that provides for Namibian independence and a withdrawal of Cuban and South African troops from Angola. And we will be watching carefully to be sure that Cuba and South Africa carry out their obligations. But more is needed. Angola desperately requires national reconciliation. Until that occurs we shall continue to support UNITA and its leader Jonas Savimbi.

To this end we should be prepared to pay our fair share of UN peacekeeping efforts. The Bush Administration, following the initiative of our predecessor, has proposed a one-time transfer of DOD and foreign aid funds to meet our peacekeeping requirements in the current year as part of the FY '89 supplemental appropriation request.

We must also think long and hard about how we can help best to end apartheid in South Africa. And, we must never forget the very real human and developmental needs of people throughout Sub-Saharan Africa.

In South Asia, we welcome the withdrawal of Soviet troops from Afghanistan and look forward to that country's achievement of an independent and non-aligned government fully acceptable to the Afghan people.

The international community looks forward to the withdrawal of Vietnamese forces from Cambodia. There, too, a difficult national reconciliation must be undertaken.

The United States will continue to work for an independent Cambodia, free of both Vietnamese and Khmer Rouge occupation.

In the Middle East, we are in the midst of an active period of diplomacy, including meetings with key leaders to try to advance prospects for negotiations. In discussions last week with President Mubarak and Prime Minister Shamir, we all agreed the status quo was not acceptable, and that progress toward a comprehensive settlement was desired. Both leaders agreed that the gaps between the positions of the parties were too wide, and the atmosphere too unsettled, to consider a major push now directly to negotiations. Rather, what is needed is a step by step process to improve the atmosphere, reduce tensions, bring about Israeli-Palestinian dialogue, and set the stage for direct negotiations.

Our own views regarding the purpose and principles underlying these negotiations have not changed. The objective is a comprehensive settlement achieved through negotiations based on UN Security Council Resolutions 242 and 338. The negotiations will produce agreements that fulfill the principles of territory for peace, Israeli security and Palestinian political rights. We do not support an independent Palestinian state, nor Israeli permanent control or annexation of the West Bank and Gaza. Indeed, it is only through negotiations, not violence, that Israelis and Palestinians can aspire to bring about the end of the occupation in a way that ensures Israeli and Palestinian security and political interests.

We listened carefully to the views and proposals brought by Prime Minister Shamir concerning elections, and believe they constitute a good first step. Elections are an important political act that can launch a process leading to negotiations on both transitional and final status issues. The Prime Minister emphasized this in his discussions with us, and in his public statements. Of course, details need to be worked out, and all sides must bear in mind the need to see elections within their broader political process. In the period ahead, we will be working with Israelis and Arabs to flesh out these ideas, and to try to advance the prospects for successful negotiations.

A Middle East policy focused exclusively on the Arab-Israeli conflict, however, would be too limited. Libya continues to be a destabilizing factor in North Africa and elsewhere in the region. The situation in Lebanon remains a rebuke to everyone's hopes for a restoration of stability and independence for that tragic country. And a lasting peace remains to be established between Iran and Iraq.

We will continue working with other nations on these issues. We will also work with the United Nations on some of these regional conflicts.

The U.N. should be seen for what it is, an expression of the world's desire for peace, and also too often the scene of those passions that prevent peace. Experience indicates that when nations agree on procedures and substance, the U.N. offers a valuable forum for making progress.

Chemical Warfare and Other Weapons Proliferation

Proliferation of new and dangerous weapons, often to states with a history of terrorism and aggression, is of growing concern to the international community. And for good reason. Perhaps most frightening is the combination of the ballistic missile and chemical weapons. Although "justly condemned by the general opinion of the civilized world," to quote the Geneva Protocol of 1925, chemical weapons have been used.

We must take special measures to prevent the use and accumulation of such weapons.

We are determined to build on the recently concluded Paris Conference and to make progress soon. In Vienna, I announced that Australia agreed with us that it would take the initiative in organizing a joint government-industry conference to discuss the growing problem of the movement of chemical weapons precursors and technology in international commerce.

Overview of our Funding Request

Clearly, we face a formidable agenda as we attempt to deal with the contraries of our age. Yet we start with a strong America. And we can be stronger still if we work together to overcome the challenges before us.

That requires our collective wisdom and skill. It also requires resources and the flexibility to use them where they are most needed. I'd like to give you the highlights of the Department of State's funding request for FY 1990.

For budget function 150 -- international affairs -- we are asking $19.3 billion in discretionary spending authority, with the levels of the Export-Import Bank to be determined in negotiations with the Congress. This $19.3 billion is an increase of $1.7 billion or 10 percent over what Congress appropriated for the same programs in FY 1989. But in real terms, it's less than what we received in FY 85, 86, and 87. International affairs spending takes less than two percent of the total federal budget. So in submitting these figures, if I may understate the case, we do not feel we are imposing an unreasonable burden on the resources of the American people. Quite the contrary. We are asking for an investment to secure our vital national interests and a peaceful future.

For 1990, we are requesting appropriations for State Department Operations totaling $3.27 billion. This is an increase of $534.7 million over our 1989 appropriated level.

Our request covers four categories of appropriations: the Administration of Foreign Affairs, International Organizations and Conferences, International Commissions, and Other Appropriations. Let me now review the specifics category by category.

We request $2.38 billion for the key component of our nation's diplomacy, the Administration of Foreign Affairs. These funds are for the Department's basis diplomatic and consular functions -- salaries and allowances, operating expenses, overseas building construction and maintenance, and diplomatic security.

Our request represents a $217.2 million net increase over the 1989 level. $108.1 million of this increase is for the buildings program, which for FY 1990 includes construction of a badly needed new chancery in Bangkok, a pre-engineered chancery in Port Moresby, Papua New Guinea and several smaller projects.

Most of the remaining increase is for Salaries and Expenses, of which the following components are most significant:

-- $77.3 million for built-in changes such as wage and price inflation, and

-- $62.0 million for the Diplomatic Security Program, of which $48.6 million is for construction security which I will discuss later.

The increase for Salaries and Expenses is smaller than it otherwise would have been due to two changes in our budget formulation. The first is an offset of $67.6 million due to planned increased billing of other agencies for overseas support costs previously borne by the Department of State. The second is the creation of a separate appropriation of $18.7 million for the Office of the Inspector General.

The other program increases within the Salaries and Expenses request are for:

-- The State Department's contribution to the Seville World Fair ($5.0 million).

-- The Beltsville Information Management Center, $17.9 million to supplement existing Department computer operations.

-- The Department of State Telecommunications Network (DOSTN), $19.7 million to modernize the Government's commercially leased diplomatic high-speed circuit program.

-- Counterterrorism Research and Development, $3.0 million to continue on-going projects to improve detection of terrorist weapons and explosives and to better protect U.S. personnel and facilities from terrorist attack.

-- Support of the 1990 Economic Summit, $5.2 million to cover U.S. host country costs.

Our second category is International Organizations and Conferences, for which the Department requests $832.5 million to cover full payment of assessed contributions to international organizations of which the United States is a member, payment toward our assessed contributions for United Nations peacekeeping activities, and American participation in multilateral international conferences. The total also includes $46.1 million as the first installment in our plan to repay arrearages in our assessed contributions.

The third category is International Commissions, for which we request $37.5 million to meet our treaty commitments under boundary agreements with Canada and Mexico, and to cover our share of expenses as a member of international fisheries commissions.

Also included in this budget request are resources for bilateral science and technology agreements with Yugoslavia and Poland ($4 million), the Asia Foundation ($8.3 million), the Soviet-East European Research Training Fund ($4.6 million), the Fishermen's Guaranty Fund ($900,000), and the Fishermen's Protective Fund ($1 million).

Mr. Chairman, in combination with the budget crunch a number of other factors have led to a weakening of our foreign affairs infrastructure.

Exacerbating influences include fluctuations in exchange rates, differing rates of inflation between the U.S. and the countries in which we maintain missions, and the continuing need to enhance the security of our posts and personnel abroad. This country simply cannot afford to let the situation deteriorate further.

Let me turn to some of the significant issues of interest to this Subcommittee.

Diplomatic Security

It has now been three years since the Congress passed and the President signed the Omnibus Diplomatic Security and Anti-terrorism Act of 1986. This landmark legislation, the product of careful crafting by Congress, gave us a major start on the authority and resources necessary to implement the recommendations of the Advisory Panel on Overseas Security chaired by Admiral Bobby Inman.

That legislation authorized $2.4 billion to launch a worldwide diplomatic security effort. The Inman Panel found that buildings at 134 of our 263 posts were substantially below minimum security standards. This led to our joint commitment to begin the most extensive construction program in the Department's history. Subsequently, we began a multi-year program to replace and upgrade facilities at our most vulnerable posts overseas. While we have made significant progress much remains to be done.

With the establishment of the Construction Security Program, security has been considered at every stage of planning and building a new embassy. In addition, the program has been extended to include all renovations and upgrades of existing office buildings where classified information is processed or stored. The cost of providing security to protect new embassies against technical penetration is high. In 1990, the Department is requesting $71.8 million for the Construction Security Program, an increase of $48.6 million over the 1989 appropriated level.

Moscow Embassy

Final resolution of the Moscow Embassy building problem is very high on my list of priorities. I know it is high on yours as well, Mr. Chairman, from our correspondence on the subject. It is essential that we get this matter on the road to resolution just as soon as we can, given the importance of our mission in Moscow. Our re-examination of all the options is well underway, and I expect to have a recommendation for the President shortly. In the meantime, we will continue to consult closely with Congress and all other concerned parties on the alternatives, and particularly with your Subcommittee, Mr. Chairman.

To spearhead the decision and implementation process and give it the constant, high-level attention it deserves, I have appointed Ambassador Nicolas M. Salgo to a new high-level position in the Under Secretary for Management's office.

Refugees

I will turn now to our efforts on behalf of refugees. Promoting American values and interests abroad is central to our foreign policy efforts. Respect for human dignity, the alleviation of suffering, contributing to the well-being of the international community -- all these are consistent with our national character as well as our national interests.

We can be proud of America's record of assistance to the world refugee population. The United States leads the world both in providing financial assistance to refugees overseas and in resettling refugees in our own country.

For FY 1990, we are requesting $370 million for Migration and Refugee Assistance and $10 million for the Refugee Emergency Fund.

In administering our refugee admissions program, we have recently encountered pressures never anticipated by the drafters of the Refugee Reform Act a decade ago. In particular, over the past year we have been attempting to deal with the totally unanticipated exodus of tens of thousands of people from the Soviet Union, Eastern Europe, Cuba, Nicaragua and Southeast Asia.

The White House has announced an FY 1989 supplemental for Migration and Refugee Assistance designed to help us with the tremendous number of refugees, primarily Soviets, who have emigrated during the last several months.

The refugee request totals $100 million and will help us deal with the immediate problem. The FY 1989 supplemental provides an additional $85 million for admissions and $15 million more for assistance. In all it provides funds for 28,500 new refugees, including an additional 24,500 for refugees from the Soviet Union. The new total for refugee admissions from the Soviet Union is 43,500.

The Administration also has transmitted to Congress a legislative proposal to create a new immigrant category comprised of persons ineligible for refugee or regular immigrant classification, but those whose admission the President deems to be in the public interest. The primary beneficiaries of this legislation are likely to be Soviets who are neither refugees nor beneficiaries of current visa petitions. We would be able to maintain an open door for these individuals, and confer a regular immigration status, which would grant them permanent resident status.

For the longer term, we are now conducting a policy review. Depending on the outcome, we may need to adjust our FY 1990 request.

As our policy review progresses, we will consult with Congress to achieve a new consensus, one which balances important policy and humanitarian objectives with the resource constraints that we all know so well.

Contributions to International Organizations

After several years of concerted effort on the part of Congress and the Administration, we are pleased to report significant progress toward budgetary and administrative reform in the United Nations and its affiliated agencies. In recognition of this progress, we request full funding for U.S. assessed contributions to the extent permitted by law, with the exception of the United Nations Interim Force in Lebanon. The decision to seek full funding in 1990 for the first time in several years is the major reason for the large increase in this area.

Included in the request is $46.1 million to begin payment of prior year arrearages. These funds would be directed towards special activities that are mutually agreed upon by the United States and the respective international organizations, and their payment would be conditional upon such agreements. The U.S. has accumulated $624 million in total arrearages due to withholdings to meet legislative restrictions, policy considerations, and Congressional reductions of funding requests. Of this amount, we plan to pay $562 million over the coming years.

We do so in recognition of the expressed Administration and Congressional intent to meet U.S. obligations in response to meaningful progress toward reform. This also would encourage implementation of reforms and would advance U.S. programmatic interests.

Let me add that in our own hemisphere, the Organization of American States (OAS) is the logical locus for dialogue on topics of importance to the hemisphere. It can play an important role in the Central American peace process. The OAS will be able to exert its positive influence, however, only if the United States and other OAS members provide the attention and the financial resources it needs.

In the last year, there has been a dramatic increase in the need for funds to support peacekeeping activities. New U.N. efforts have been or are being launched in Namibia, Angola, Afghanistan, Iran and Iraq. Meanwhile, peacekeeping activities continue on the Golan Heights and the Lebanon/Israel border. Remarkable progress has been made in defusing regional conflicts in Africa and the Persian Gulf. We cannot afford to walk away from the process of promoting world peace by failing to contribute our assessed share of these peacekeeping efforts.

Technology

The 1990 budget request includes funding for an Information Management Center in Beltsville, Maryland.

The purpose is to provide the Department with a disaster recovery capability to reduce the vulnerability of our information systems to terrorism and other disasters. We are also upgrading the Department of State Telecommunications Network (DOSTN) to increase the reliability of the Department's communications and make them more cost-effective.

Overseas Administrative Support

Several Congressional committees have repeatedly expressed concern that the Department's Foreign Affairs Administrative Support (FAAS) system subsidizes other agencies thereby encouraging them to maintain excessive personnel abroad. Many have argued that this costs the Government considerably more than maintaining such personnel in the U.S. This concern coincides with increasing financial pressure on our overseas support funding brought on by the declining value of the dollar in recent years.

The Administration is responding to this concern by increasing charges to other agencies to better reflect the cost of State Department provided services. As a result of this effort, our budget request is $77 million less than it would have been otherwise.

Conclusion

Let me conclude by stating my conviction that if we are given the needed flexibility, then the levels in our FY 1990 budget request will enable us to fund essential programs on a modest scale. No foreign policy, however well intended, can be meaningful without the resources to do the job, and the management flexibility to apply them to best advantage.

That requires highly trained professionals whose skills are up to the task of developing and executing programs and policies suited to the times. We must be able to act wisely and well in a demanding, complex and increasingly dangerous international environment. And it means having the ability to play an active leadership role in cooperative international efforts, organizations and conferences. For ours is an age when solutions to international problems cannot always be found within the limits of traditional state-to-state relations.

The personnel and programs of the State Department are America's primary foreign policy instruments. We must ensure their effectiveness. When I took the oath of office in January, I made a special point of saying that we need both diversity and openness in our domestic and international affairs. America's greatness rests on the twin foundations of opportunity for all and a fair hearing for all views. These are at once the characteristics of a great nation and of an effective foreign policy.

I strongly believe that the professionals who make our foreign policy work must also reflect the talents and the abilities of all segments of our society. I stand ready to work with Congress to ensure that this is the case.

I appreciate the efforts this Subcommittee makes to understand the needs of the Department of State, its personnel, its machinery and its institutional concerns.

To sum up, we need to work together to ensure that the State Department continues to serve our nation's fundamental foreign policy objectives -- bilaterally, multilaterally, globally. Given budget constraints the U.S. Government must learn to do more with less. We in the State Department take this lesson seriously. But as a nation, we cannot afford to diminish our effectiveness abroad. America must remain a strong force around the globe for peace, humanity, democracy and prosperity. That is the real bottom line we are talking about in this hearing today.

Thank you.

VOTE ON CLOSED SESSION

Mr. SMITH. Thank you, Mr. Secretary. We have a very short housekeeping matter we have to take care of under the House Rules in order to close meetings, which we will want to do from time to time in the next two weeks. We have to have a resolution voted upon.

Mr. EARLY. I move the Chairman of the Subcommittee be authorized to close the fiscal year 1991 budget hearing portions thereof with the Secretary of State, to classify security and communications items of the State Department's salary and expense appropriations account, to classify security items of the department foreign buildings appropriations account, the Attorney General, Federal Bureau of Investigations and the Drug Enforcement Administration.

Mr. SMITH. We have to have a rollcall vote on that.

The Clerk will call the roll.

Mr. OSTHAUS. Mr. Smith.

Mr. SMITH. Aye.

Mr. OSTHAUS. Mr. Alexander.

[No response.]

Mr. OSTHAUS. Mr. Early.

Mr. EARLY. Yes.

Mr. OSTHAUS. Mr. Dwyer.

Mr. DWYER. Aye.

Mr. OSTHAUS. Mr. Carr.

Mr. CARR. Aye.

Mr. OSTHAUS. Mr. Mollohan.

[No response.]

Mr. OSTHAUS. Mr. Whitten.

[No response.]

Mr. OSTHAUS. Mr. Rogers.

Mr. ROGERS. Aye.

Mr. OSTHAUS. Mr. Regula.

Mr. REGULA. Aye.

Mr. OSTHAUS. Mr. Kolbe.

Mr. KOLBE. Aye.

Mr. OSTHAUS. Mr. Conte.

[No response.]

Mr. SMITH. The motion carries.

FOREIGN AFFAIRS CONSTITUENCY

Mr. Secretary, your statement about foreign affairs having a constituency in the country—I agree with you there is a constituency in the country. But then you come to the matter of who wants to make the investments. That is where our problem is.

We found last year and the year before that the constituency in the country, if it is represented by the Congress, doesn't want to make the investments. That is what our problem is.

We need some help in Congress in getting the votes. We have 3 percent across the board cuts. They carry on both sides of the aisle.

So, we need to do whatever we can to sell this to the Congress. And, we do want to help you. We want to help you with your budget, as we always have.

WORLD CHANGES AND BUDGET REVISIONS

You began preparing this budget almost a year ago. You finalized it along about Christmas time. That was about the time when the world broke apart. We have had a lot of changes since Christmas. We are going to start in the next week or two putting our fingers together here in this subcommittee and, hopefully, bring them up in May in the House. I assume in view of all the changes that have taken place in the world in the last three or four months there will be some changes. For example, there have been some changes in East Germany and West Germany. We had not anticipated building a new building in East Germany. I am sure there are going to be revisions there. That is just an example.

Do you have a revision in mind at this time? If not, when will we receive from you some revisions that you anticipate for 1991?

Secretary BAKER. While there will be some revisions, Mr. Chairman, the budget that we have prepared and submitted is the budget that we would like to move forward on.

Most of the supplemental matters that we will be bringing before the Congress will be in the context of the 150 account. We have already come up here, as you know, with a supplemental with respect to that account, a supplemental for Panama.

We have had substantial legislation already enacted for Poland and Hungary, two of the emerging democracies in Eastern Europe. We will have to put together a package, and will do so as promptly as we can.

We had our first meeting the day before yesterday, I think it was, with Mrs. Chamorro's economic advisers. But we will be pulling together a package for Nicaragua.

There will be changes, as well, of necessity within the State Department's operations budget. I hope we can accommodate those changes within the funding levels that we now——

Mr. SMITH. There will be shifts within your budget?

Secretary BAKER. Reprogramming and shifting as far as the State Department's operations are concerned, as best I can tell as we sit here today.

The way things are changing, I can't guarantee you that we couldn't come up here with respect to that budget and ask you for something. But as it stands now, Mr. Chairman, we don't have that in mind.

Mr. SMITH. We will need all the help we can get in the next couple of weeks.

Secretary BAKER. Let me say that the Administration is prepared to give you as much help as we possibly can. I hope my oral statement made that clear.

I think that the fundamental changes that are taking place around the world, with the movement toward freedom and democracy, offer us an opportunity to pull together some assistance in these areas that we have not had an opportunity to do before.

OPENING CONSULATES

Mr. SMITH. I am not just talking about the amount of money and getting the full amount that you have requested out of Congress, but I am also talking about shifts within the budget.

Reprogrammings, as you know, are limited within line items. If there are any changes, we would like to know before we mark up our bill.

Of course, we have problems coming up such as Eastern Europe, the number of consulates, and the number of officers that there will be. If we start putting consulates in every place that is going to want on a consulate, in the next year or two, there is going to be a hemorrhage in your administrative costs.

Do you have any particular thing in mind at the present time? I mean if you put a consulate in one of the republics of the Soviet Union, for example, they are all going to want a consulate. On the other hand, if there is an office in each one, which would be anticipated, I suppose, that might take care of it. Or are there going to be other consulates in other countries?

Secretary **BAKER**. Mr. Chairman, there is nothing that is not in the fiscal year 1991 request. Of course, we have talked about opening, reopening the consulate in Bratislava in Czechoslovakia.

We have a request for three consulates within the borders of the Soviet Union, but that is not anything new. We are requesting as well, I think, authority to open a consulate in Leipzig in the GDR, anticipating that that would be at some point down the line part of a unified Germany.

Mr. **SMITH**. I am told there is no money in the budget for that?

Secretary **BAKER**. If that is the case, we have not got it in the 1991 budget. I would just alert you to the fact that that is the only one I am aware of that we are looking at.

Mr. **SMITH**. Hopefully, from the budget standpoint, we can postpone the consulates until 1992 because there will be a hemorrhage in your administrative costs if we start on the consulates.

Once you have a consulate in one place, there are about 15 others that will want it and there is no end to it.

Secretary **BAKER**. We are talking about, as I understand it, Mr. Chairman, 175 positions and $20 million, but it is over two years. So it is not an exorbitant amount of money.

Mr. **SMITH**. Would that be a shift?

Secretary **BAKER**. That would probably be a shift. That money, though, that $20 million is included in our fiscal year 1991 request.

PEACEKEEPING ACTIVITIES

Mr. **SMITH**. We found out when we tried to close eight consulates a few years ago, it took three years to get eight consulates closed. There is a domino effect.

When you open one, you open ten. You don't just open one. I warn you that is the way it works in the Congress.

With regard to peacekeeping, there has been a hemorrhage in that account. I remember when we were arguing over whether or not there should be $10 million for UNIFIL. Now it is up to $90.7 million with arrearages of $157 million.

Are we going to continue to finance U.N. troops whenever there is an argument somewhere? The answer always seems to be let's put some U.N. troops in there.

Secretary **BAKER**. The United States ought to be a player in multilateral diplomacy, as I mentioned in my remarks.

Mr. **Smith**. Do they do any good?

Secretary **Baker**. U.N. peacekeeping forces have done a great deal of good recently in some places.

I am going to the independence day celebration in Namibia. I think that was a successful U.N. operation.

Mr. **Smith**. When they had problems down there, the U.N. troops didn't do anything, did they?

Secretary **Baker**. The U.N. was involved in that.

Mr. **Smith**. But the U.N. troops are not going to fight either side if they decided to break out, are they?

Secretary **Baker**. Mr. Chairman, let me give you my view.

I think the U.N. is, more and more, doing a very good job and we, more and more, are relying on multilateral diplomacy.

We have seen it in Central America. The U.N. has been involved in Central America.

I think that you can question some peacekeeping efforts and whether or not we are getting value with respect to some, but I don't think you can indict them all.

I think there are, indeed, some very beneficial results coming from some of the peacekeeping activities that the U.N. is participating in—good for the United States.

Mr. **Smith**. It seems to me the easy answer every time some argument comes up, "We will put some peacekeeping troops there, and we will pay a portion of the bill."

The reports we have gotten back from members of the Foreign Affairs Investigative Subcommittee, they go there, they have a nice mess hall, they sit in their tents. But if anything happens, they are not going to fight either side.

You begin to wonder when you see $200 million coming out of your budget. It comes out of your other salaries and expenses.

PAYMENT OF ARREARAGES

Secretary **Baker**. I understand that. A good bit of it is probably arrearages because we have not been paying it in the past.

With respect to arrearages, let me say one more thing, Mr. Chairman. These commitments we make to multilateral organizations are solemn commitments of the United States made by the Executive Branch in full consultation with the Congress. We really ought to try and keep these commitments instead of being accused, occasionally, of being the international deadbeat.

PAYMENT OF ASSESSMENTS IN FIRST OR LAST QUARTER OF FISCAL YEAR

Mr. **Smith**. Let me point out that the arrearages were requested by the Administration three or four years ago. At that time it was determined that we would have a planned accumulation of arrearages. This committee we went along with that.

I think that probably at the time it was a good idea. We went along with that. Now we have got to pay them off. I agree with what you are saying, you have to pay your bill eventually.

The last question I have on that is, do you intend to continue to pay in the last quarter of the calendar year for bills as they become due instead of the first quarter?

Secretary **Baker**. I can't answer that. I will get the technicians to get you an answer to that.

[The information follows:]

PAYMENT IN FIRST OR LAST QUARTER OF FISCAL YEAR

Subject to the timing and amounts of appropriations, we pay peacekeeping assessments within the mandate periods they are due. However, we do pay the calendar year assessments for the regular budgets of eleven international organizations in the first quarter of our next fiscal year, e.g. U.N. assessments for calendar year 1990 will be paid in the first quarter of fiscal year 1991, subject to the availability of appropriation. At this time, we are not planning to change the payment schedule.

Mr. **Smith**. The last quarter of the calendar year is the first quarter of our fiscal year.

Secretary **Baker**. I am sorry, I can't tell you whether or not. The Under Secretary for Management, as I understand, is going to be up here in several days.

I am sure he will be able to answer that question or I will be glad to provide you an answer for the record.

I don't know from an accounting standpoint whether we are going to pay the last quarter or the first quarter.

REPEAL OF SECTION 614

Mr. **Smith**. I introduced a bill before we left for recess and another one after we got back, to relieve the freeze under section 614, but we have not been able to get on either side of the aisle an opportunity to bring it up without people wanting to hook other things on to it.

But I have not heard too much about the impact of this freeze. Is it really hurting you now?

Secretary **Baker**. It is really hurting us. I think it is something we ought to try and correct.

As you and I discussed at breakfast several weeks ago, we support you strongly in an effort to repeal it. We will do anything in the world we can to get it repealed.

I have already discussed it with the Director of OMB and with others in the Administration.

I think, frankly, the fact that there was a dispute up here between the authorizing and appropriating committees, and we were given a lower level for 1990, when the money was actually appropriated and was in the 302(b) allocations——

Mr. **Smith**. We reserved the space for it in our allocation.

Secretary **Baker** [continuing]. Is it inherently unfair. Now we are hung up because some budget committees, as I understand it, have made a decision there must be offsets with respect to this.

Mr. **Smith**. That is what OMB sent up in that proposal, that there be an offset.

Secretary **Baker**. I understand the Budget Committee said that is the only way that they would entertain it.

I don't want to put words in my old pal Dick Darman's mouth, but I think he would support us and does support us strongly on this issue, because the money was appropriated and it was under the 302(b) allocation last year. We ought not to be held up now simply because somebody wants to tie this in with respect to questions on the deferral of the Defense budget or other related issues.

Mr. Smith. Mr. Darman needs to get a written communication up here, especially since he sent a written communication that he wants an offset.

Secretary Baker. We will work on that.

Mr. Smith. Mr. Rogers.

Mr. Rogers. Mr. Secretary, good to see you here. We appreciate the time that you are giving to us.

I understand, Mr. Chairman, that the Secretary has an engagement shortly after the noon hour, 12 o'clock, and that we can get him out of here on time. Is that everybody's understanding?

Mr. Smith. I don't know if we can or not because we have things we have to settle in the Congress. We will do the best we can. If we can't get done by then, we will have to ask him to come back. We have tried our best to set up these meetings to accommodate him.

DEVELOPMENTS ON THE WORLD SCENE

Mr. Rogers. I will try to keep my remarks brief so the Secretary can keep his engagements.

Let me say first, Mr. Secretary, a word of congratulations. Every statesman in the world from Churchill to Reagan and others over the last four decades has attempted along with millions of troops and trillions of dollars, to free up Eastern Europe, and the whole world it seems has been dedicated to that purpose, all to no avail until the first year of the present administration and your presence at State.

All of a sudden we see Eastern Europe freed up, success in Panama, Nicaragua and other places. So I want to congratulate you. You had some help here and there from others, including your predecessors.

Secretary Baker. Absolutely.

ETHNIC RIVALS AND DIVISIONS

Mr. Rogers. But we are very pleased, of course, with the developments on the world scene.

In Eastern Europe, now that the yoke of communism has been virtually lifted, we are beginning to see, we think, old ethnic animosities and disagreements rise to the surface. Old divisions that existed long before the communists took over. How will you be dealing with that?

How difficult is that problem going to be in the new arrangements of things in Eastern Europe, especially?

Secretary Baker. ~~That~~ has historically been a problem for Europe, as you know, Congressman. And there does seem to be a bit of an increase in ethnic rivalries and divisions as those countries open up and permit more dialogue and more debate and more openness of discussion.

I think the best way to manage that problem is to be responsive to the needs of these countries with respect to the reform of their economies.

They have opted for freedom and they have opted for democracy. There will not be an overly extended period of time, in my view, before they are going to have to produce. Producing means a better standard of living for their people. It is not easy to convert a centrally planned economy—one they have had for 40 years—to a free market economy.

It is even tougher in the Soviet Union where they have had the centrally planned economy for 70 years. There are three things we can do.

One is to do what we can to strengthen the current alliances that we have. I mentioned that in my remarks.

The second thing is to do what we can to create a stable international environment for these emerging democracies of Eastern Europe.

The third thing, and perhaps the most important, is to be there with technical assistance and know how in their effort to convert state economies to free market economies.

INTERGOVERNMENTAL AGENCY TEAMS

Mr. **Rogers**. I understand your department is coordinating the U.S. intergovernmental agency teams that are going to Poland and others.

Could you explain a bit about how that is organized and who might be involved in those teams that are going there to assist in their recovery?

Secretary **Baker**. The Deputy Secretary of State, Mr. Eagleburger, is the coordinator of our efforts with respect to the emerging democracies of Eastern Europe, particularly Poland and Hungary. He is assisted by the Deputy Secretary of the Treasury, John Robson, and representatives from some of the other economic agencies of the Government—the CEA, particularly, Commerce, I think, and others.

They have just come back, as a matter of fact, from a trip over there. We are working with the European Community, particularly within the Group of 24 nations, to come up with multilateral packages of assistance—economic assistance and aid, technical and financial, for these countries. With respect to Poland and Hungary, that process is pretty well advanced.

It is just beginning with respect to countries like Czechoslovakia and some of the other countries in Eastern Europe.

KINDS OF ASSISTANCE

Mr. **Rogers**. Rather than have the Marshall Plan, which is essentially money and material, it seems that we all agree that what Poland and Czechoslovakia and those countries need, indeed, what they request of us, is not that kind of aid as much as the expertise of American business people and of agencies like SBA. For instance, letting them know how they can set up similar types of agencies if they so desire.

Secretary **Baker**. Some countries are fairly open about needing direct economic assistance. Others say, "We are not looking for assistance. Give us trade, investment, technical know how and expertise."

Czechoslovakia comes to mind as a latter country. For Poland and Hungary, I think it is worthy to note that the United States has come up with about $938 million of overall support, when you count assistance, credits and guarantees.

Overall, counting contributions of all member countries of the G-24 group of countries, $14.5 billion in assistance has been promised for these two countries. That is very significant.

Frankly, it shows the worth and importance of our working in a multilateral context to deal with some of these problems. It doesn't translate directly to peacekeeping, but it is important that the United States maintain its leadership in these multilateral efforts and maintain its good standing.

This is the kind of thing that can be done when we do.

Mr. ROGERS. It gives you a chance to leverage from others much more dollars to the recipient than you yourself are directly giving?

Secretary BAKER. That is correct.

PROMOTION OF FREEDOM AND DEMOCRACY

Mr. ROGERS. Let me quickly switch gears and cover this, hopefully, hurriedly.

The line has changed now to where the American dream of the liberation of mind and man can go. Until recently we had the policy of containment of communism, which I think was a little bit immoral, because it drew a line which said if you are behind that line, we don't care about you. I think that was immoral.

Now with Eastern Europe extending the American dream, I am wondering where the line is now. What can you say to those people inside the Soviet Union, for instance, the Southern Asiatic Republics of Russia, that are yearning to be free just the same as Poland and the others?

What can we do for those people, consistent with your international response, toward realizing the dream that they are surely dreaming as we sit here today?

Secretary BAKER. What we say is the United States stands for freedom and it stands for democracy and we have certain values that we hold dear, that we have held dear for a long time.

We think those values have proven to be the correct values. We think what has happened in Eastern Europe and Nicaragua and other places is evidence of the fact that freedom works and these values work.

So we continue to promote those value systems. We can continue, I think, to encourage the efforts of reformers in the Soviet Union, among them, Gorbachev and Foreign Minister Shevardnadze, who are trying to reform that society and, frankly, trying to reform that political system.

They are moving quite rapidly toward greater political pluralism. They would like to move toward a free market economic experience.

They are having a great deal more difficulty there, as perhaps you might image when you consider their system has been totally different for 70 years. But, that is what I think we can do.

Mr. ROGERS. In the interest of time, I am going to curtail my questioning so we can get you out of here on the appointed hour.

Let me close by saying congratulations again and thank you for a great job.

Secretary BAKER. Thank you, Congressman.

Mr. SMITH. Mr. Early.

Mr. **Early**. Thank you, Mr. Chairman.

Mr. Secretary, I would like to welcome you. I also would like to congratulate you on your 15 months in office. It has been one of the most exciting period of times the world has known for a long while.

I think your style as Secretary of State has supplemented all the progress that has been made.

I don't think you should take credit for everything, but I think you should take credit for a lot of the changes which have taken place. I haven't seen you criticized for any of your decisions, as far as you have been available.

I think your style has added to the progress the world has made, and I want to congratulate you for that.

Secretary **Baker**. Thank you, Congressman.

COMPETING PRIORITIES

Mr. **Early**. Mr. Secretary, I want to talk about a few domestic problems.

The President's budget request for peacekeeping missions is $247.423 million, with $156.771 million going toward arrearages. Mr. Secretary, I have a big problem with that.

We have arrearages we owe the 50 States, including the unemployment compensation shortfall. We owe the States $125 million for unemployment compensation, and we are not paying them.

These are arrearages that the states are having trouble with, my state is having trouble with, having trouble coming up with the money the Federal government owes them. I would just ask you, Mr. Secretary, there must be some way we could reduce the $91 million for the peacekeeping mission this year.

We are going to have to eventually pay the arrearages. I would at least like to see the cost coming down.

Secretary **Baker**. The arrearages?

Mr. **Early**. No, the $91 million you are requesting for peacekeeping contributions for FY 1991. There has to be a reduction in that request, as far as I am concerned.

Secretary **Baker**. Congressman, let me say that one reason I think you see it going the other direction is—as I think I responded to the Chairman—because there are more and more peacekeeping activities undertaken.

Some of these, I think, have been very beneficial. There are some others that at some point may be undertaken. Cambodia comes to mind. There is a terribly difficult foreign policy problem in Cambodia. The United States——

Mr. **Early**. We don't have the money to keep spending on peacekeeping. It has to be done with less money as far as it is an option.

With all the other expenses you have in this budget, I have problems spending all that money for peacekeeping.

Let me move on, Mr. Secretary, to the Moscow embassy.

Secretary **Baker**. Can I finish one other thing, Congressman?

Mr. **Early**. Yes.

Secretary **Baker**. We are going to have expenses in Central America. There is another added expense. The importance, though, of consolidating democracy in Nicaragua, seeing to it that there is a peaceful transition, stopping the transfer of arms and subversion of revolution into El Salvador. These are all very, very important.

I understand what you are saying. I understand the difficulties you have when there are some competing domestic priorities.

I really think that there is a changed situation from where we were with the U.N. some years ago, before there had been some budgetary reform in the U.N. at the insistence of the United States.

I really just wanted to say that. I know I am not going to convince you.

Mr. EARLY. There isn't going to be any financial aid for the Soviet Union, as far as this Member is concerned.

Secretary BAKER. We haven't asked for any.

Let me make sure the record is clear. The Majority Leader of the House asked for that. It hasn't been the Administration's position because the Soviets themselves have not asked for it.

EMBASSY BUILDING IN MOSCOW

Mr. EARLY. I don't care who asked for it, Mr. Secretary. I think you have to cut back to find some monies for Central America and for Panama and the others.

You have got to cut back on the peacekeeping in the other areas.

Mr. Secretary, I would like to talk about the Soviet Embassy. This Committee went over to the Soviet Union, there have been a lot of people involved, but I would just like to suggest to you that we can't afford to build an embassy for $270 million. There needs to be adjustments made in this budget to find money for the real initiatives.

How you can suggest that we spend $270 million for a brand new embassy is just beyond my comprehension.

Secretary BAKER. We spent more time than any of us should have on this issue. It has been kicked around because there is no consensus up here on the Hill about what direction we ought to go. We came into office, and we committed to you and to others that we would take a new look at it. We looked at all the alternatives.

We were unable to generate much support up here for a less expensive alternative.

We weren't able to generate sufficient support from the intelligence community to make that less expensive alternative particularly viable. We have come down.

We made our decision, as we told you we would. And it is important, I think, now that we move forward, so that we know within some reasonable time frame what our situation is going to be with respect to what we are going to do about the Embassy building in Moscow.

Mr. EARLY. Mr. Secretary, certainly we studied a need for a decision five years ago. Every time we made a decision, we concluded with the most expensive option. $270 million for a building.

President Reagan appointed Mr. Schlesinger to come up with suggestions for this problem. He made a suggestion that would have cost a lot less money.

Secretary BAKER. There were suggestions that we looked very hard at that were less expensive.

Outside of this committee, there was little, probably zero—support for that up here on Capitol Hill, and we couldn't get the support from the intelligence community, frankly, for the approach that we think would be required if it ever is going to become law.

Mr. SMITH. I assure you that I have been approached in the last three weeks by House Intelligence Committee members and Foreign Affairs Committee members, and they don't agree with your statement.

Secretary BAKER. Well, Mr. Chairman, with all due respect, we have to deal with the other body as well.

I am the one who dealt with the intelligence community.

Mr. SMITH. If they want it, let them pay for it, but they don't want to pay a dime.

Secretary BAKER. I think it would be wonderful. I just want to move on down the trail.

I think we have debated this as long as we should. We ought to make a decision. It is now up here on the Hill.

I hope with good faith on all sides, all of your jurisdictional committees that are involved will make a decision.

We will live with it and we will implement it.

TELECOMMUNICATIONS NETWORK

Mr. EARLY. I hope we will save $270 million.

Mr. Secretary, moving on to internal problems at the State Department. The department estimates that the total cost for the Department of State's telecommunications network will be $353 million over a six-year period.

I am not even sure that amount includes the cost for the renovation of the Columbia Plaza. All you ask for is $30 million in this budget, and you give us a six-year proposal.

Those numbers just don't make sense.

Secretary BAKER. Because it is too backloaded?

Mr. EARLY. $353 million over six years and only $30 million the first year.

Secretary BAKER. I am not sure I understand your question, Mr. Congressman. Are you saying we don't have enough up front?

Mr. EARLY. Yes.

Secretary BAKER. I will have to get the budgeteers and the management people to give you a detailed response on that, I am sorry. I don't know why it is just $30 million this year with a six-year target of $353 million.

[The information follows:]

COMMUNICATIONS NETWORK (DOSTN)

Although only approximately $30 million has been requested to support the DOSTN program in FY 1991, the Department expects to spend about $60 million. The additional funds are projected to be made available through offsets and cost avoidances. The DOSTN is scheduled for implementation over a 5-year period. We have determined this schedule to be credible, effective and manageable, and will meet Department goals and program objectives. Our total spending plan is as follows:

[In millions of dollars]

Fiscal year	New funds	Offset cost avoidance	Gross
FT 1988/1989	13.00	....	13.00
FY 1990	[1] 19.70	6.12	25.82
FY 1991	[1] 35.63	25.33	60.96
FY 1992	45.95	41.08	87.03
FY 1993	25.58	72.66	98.24
FY 1994	(4.08)	72.64	68.56
Total	135.78	217.83	353.61

[1] This original plan is based on an FY 1990 request and base of $19.7M. However, because of funding constraints, the Department can only provide $15M in FY 1990. Consequently, outyear offsets and original requirements will be adjusted slightly at a later date.

Mr. **Early**. Mr. Secertary, again——

Secretary **Baker**. I guess we are trying to deal with the serious budget constraints.

AGENCY COOPERATION ON MACHINE-READABLE VISAS

Mr. **Early**. You and I have chatted in the past. Again I would like to discuss the domestic side of the Department of State. What type of cooperation are we getting between INS, Customs, and the Department of State in regard to machine-readable visas?

Secretary **Baker**. I think we are getting good cooperation, as best I can tell, Congressman. We have now got the pilot program going, as you know, in Santa Domingo. That has proven to be very successful.

To implement this worldwide, of course, is going to cost us a lot of money in terms of direct dollar outlays and personnel.

But I don't think we can criticize the other agencies with respect to their degree of cooperation on this.

Mr. **Early**. This isn't criticism, I just don't believe we work together. Egos seem to get in the way.

Has there been any combined effort among the agencies to improve the capabilities of the machine-readable visas at all ports-of-entry?

Secretary **Baker**. Let me just say that there has been cooperation between the agencies with respect to the pilot program that we now have in place.

Again I refer you to the officers in the Department who deal with this on a daily basis, but I have not detected any reports of foot-dragging or obstruction on the parts of other agencies.

Mr. **Early**. We have not made progress on this. We have machine-readable visas and they are not at every port-of-entry. There hasn't been the cooperative effort.

It is everyone's blame, but no one specifically. If we don't automate and address the smaller problems you have in managing the State Department, we won't move forward.

I have a lot more specific questions for the record. I guess a lot of people think these are only small problems with regards to what is happening in the world, but I believe they are important problems. I will put them in the record because I know how worldwide you are. However, we are not keeping up with technology.

Secretary **Baker**. I think the main difference between us on the machine-readable visa, Congressman, is you would prefer to see us move further faster. I am not suggesting that we wouldn't want to do that, but it is a matter of dollars and personnel.

It is very expensive to do what I think you want us to do.

Mr. **Early**. Yes, but we get the $270 million for the new Soviet embassy. Mr. Chairman.

Secretary **Baker**. I understand what your priorities are. I have to argue with you it is more important that we get our embassy situation resolved in Moscow than it is that we move to machine-readable visas at all ports-of-entry a couple of years quicker than we might otherwise do it.

Mr. **Early**. Mr. Secretary, we are not moving forward. People can't understand how someone can come across the border, get arrested for carrying drugs, we send them back, and then they are back on the next bus.

Secretary **Baker**. We will have a report coming to you in May, as we are obligated to do, Congressman.

Let me say it is not a case of our not being enthusiastic about the machine-readable visa program.

I told you last year that we think that is a very good thing to do if we can do it consistent with the limitations on our resources. It is very expensive.

Mr. **Early**. Thank you very much.

Secretary **Baker**. Thank you.

Mr. **Smith**. Mr. Regula?

EASTERN EUROPE AND THE SOVIET UNION

Mr. **Regula**. Thank you, Mr. Chairman.

It is a great job that you have done as others have said. In the interest of time I have several technical questions that I will submit for the record.

I have a couple of others, though. You mentioned in your opening statement that economic success is probably the fundamental key to Eastern Europe.

People feel that the quality of life has improved. I think that will apply also in the Soviet Union. I know that you have been supportive of Gorbachev.

What do you think we can do, other than just sending money, to ensure that there is an economic success in these Eastern Europe countries and to include the Soviet Union so that the democratic success they have had politically will translate into continued support on the part of the populous?

Secretary **Baker**. I think you should separate the two for the time being, Congressman Regula. I think I have spoken at length in answer to a question Congressman Rogers put to me about what is being done with respect to the emerging democracies in Eastern Europe.

POLAND AND HUNGARY

With respect to Poland and Hungary, we have generated $14.5 billion worldwide in direct assistance for these emerging democracies.

SOVIET UNION

With respect to the Soviet Union there are things that can be done. One of the most important, and I noted this earlier as well, is to maintain to the extent that we can, a stable international environment while the Soviets attempt this extraordinarily difficult task of reforming not only the political system, but the economic system as well.

With respect to reform of the economic system, we started talking to them last May—about the possibility of—I think we had our first conversation just then before the Wyoming meeting I had with Minister Shevardnadze. We talked to the Soviets and some of their economic advisers in some detail about technical economic cooperation. Not financial assistance.

They have not asked for it. What they need is help from us with respect to how a free market economy works, what the principles are, what you need to do, what they might consider with respect to the tremendous ruble overhang that is confronting them—how they get out of that without creating massive inflation.

What about the problems respecting the absence of a social safety net as they move forward to a free market economy?

We can do a lot by way of technical cooperation with them. We now have a process ongoing that they, frankly, are pleased with, that, hopefully, will be helpful.

One thing we can do and should do is to complete a commercial agreement, start the negotiations on that.

The President proposed that in Malta. President Bush and President Gorbachev agreed to it. We ought to get a commercial agreement negotiated so that we can waive Jackson-Vanik.

Then we should consider lifting the various restrictions on official credits and credit guarantees to the Soviet Union. There are a lot of legislated restrictions on what we can and cannot do by way of Ex-Im Bank. That we ought to take a look at.

We should also consider negotiating an investment agreement with the Soviet Union. To the extent that they are successful in reforming their economy, there will be some investment opportunities that will open up there.

We have long-term grain agreements, talks going on with them. That is an economic relationship of long-standing, but we can probably enhance that. We ought to renegotiate a tax treaty.

We have some civil aviation agreements and that sort of thing. We ought to be moving on those fronts with the Soviets at this time.

Mr. **Regula**. How about expanding most favored nations status?

Secretary **Baker**. We should waive Jackson-Vanik as soon as we have completed a commercial agreement. They are legislating, by the way, the free immigration policies they have been pursuing over the last several years.

NATO ALLIES AND THE 2 PLUS 4 PROCESS

Mr. **Regula**. The meeting in Ottawa would support the 2 Plus 4 that you initiated? Do you have any problem with our NATO allies that to a certain extent were excluded?

They were not one of the original four powers, signatories to the agreements.

Secretary **Baker**. We have made several things clear, Congressman. One is that 2 Plus 4 involves those countries that have legal rights with respect to this agreement. Four power rights, the two Germanies.

We have made clear that we, the United States, at least, would proceed only with full consultation with our NATO allies, a point that was made yesterday in President Bush's meetings with Prime Minister Andreotti. Those consultations would be continuing.

We would have continuing consultations as the 2 Plus 4 process moves forward. I have written all my counterpart foreign ministers in the NATO alliance, making these points. I think they are happy with the fact that it looks like this will, that there will be a regular consultative process that proceeds at pace with 2 Plus 4.

UNEASINESS OVER GERMAN UNIFICATION

Mr. **Regula**. Are you satisfied that the statement by Mr. Kohl, that I think was reported today, will result in a treaty that perhaps removes the uneasiness that now confronts the unification issue?

Secretary **Baker**. Well, I think that some of that uneasiness has been removed, Congressman, by virtue of the statement that was made yesterday, by virtue of the agreement between the coalition in Germany.

SUPPORT OF OTHER COUNTRIES IN ASSISTING PANAMA AND NICARAGUA

Mr. **Regula**. In your statement you mentioned about no constituency for foreign affairs, and then you mention Panama. I would suggest if you want to really get a constituency on that, get some of the other countries to help with the rebuilding of Panama.

If you look at the usage of the Canal, the Japanese, for example, probably send more merchandise through the Canal than does the United States and our European allies. Yet it appears at this point that the rebuilding process will be pretty largely a United States effort.

Secretary **Baker**. I don't think you should jump to that conclusion, Congressman. We have already had discussions with other countries. We had specific discussions, for instance, with the Japanese with respect——

Mr. **Regula**. I wondered about that.

Secretary **Baker**. They are also going to be helpful in Nicaragua. I know there is a tendency on the part of many in the United States to occasionally criticize the Japanese, but these are the kinds of things they do in cooperation with us that are very important to the national interest of the United States, and they will be helpful.

The one thing that I think would be very unfortunate is if we delay action on the Panama supplemental that we have sent up here asking for assistance for Panama. In light of the fact that it was the United States that created some of the economic problems and economic dislocations down there, albeit for a very good reason, we did it.

It was done purposefully, and it had an important effect, I think, on the ultimate result down there.

We have had a continued presence in Panama for many, many years, and we do bear a disproportionate part of the responsibility for jumping in here now and supporting democracy in Panama and rebuilding the Panamanian economy.

I don't think we should jump to the conclusion that we are not going to have significant participation by other countries because I think we will.

Mr. **Regula**. I am glad to hear that. As I read the statements coming out of the meeting with the Prime Minister Kaifu, they were pretty ambiguous as near as I could ascertain.

I think what you are saying, at least I hope this represents it accurately, is that, in fact, you are getting commitments from the Japanese in this instance that they are going to be supportive?

Secretary **Baker**. I think they will be supportive. We didn't go there with a shopping list that said give us $400 million for Panama or anything like that. Frankly, we are able to generate support from other countries for these emerging democracies all around the world when we can show that the United States is standing up and being counted.

We are not in a position to do that yet with Panama. We have sent a request up here for $500 million, but it is wrapped around the axle now.

There is a lot of debate about how long it is going to take to get it. If something like that should happen on Nicaragua, it would be extraordinarily unfortunate. We need to be there in a timely manner on Nicaragua so that we can lock in the gains for reform and democracy that we have seen.

I hope we don't get it all locked up here in delay about whether or not it gets passed. We ought to pass a Panama supplemental and a Nicaragua supplemental equally.

Mr. **Regula**. I might suggest it would be easier if the constituency out there that you address in your remarks had some confidence that we won't end up being the sole nation carrying the load.

I would think it might help your case here if there is some confidence that ultimately others are going to share in this responsibility.

Secretary **Baker**. I am confident that others will share. But, it is a little bit of chicken and egg.

If you can't tell them what the United States is going to do when we do, after all, bear a disproportionate responsibility, particularly with support to Panama, it is hard to get them to come up with specific numbers.

There will be other countries there with respect to both of those efforts.

Mr. **Regula**. I would hope so.

Mr. **Smith**. Mr. Alexander?

THREAT OF COMMUNISM

Mr. **Alexander**. Thank you, Mr. Chairman.

Mr. Secretary, a couple of questions, very brief.

For about 45 years the centerpiece of U.S. foreign policy and defense policy has been based upon a perception of communism, the perception of a threat of communism, as managed by the Soviet Union. We have seen recent evidence of the collapse of communism as a functional manner of organizing and administering a government with a couple of exceptions. Is communism no longer a threat to us?

Secretary **Baker**. There is only one country, I think, that has the potential to institute a major military threat to the United States. That was and still is the Soviet Union. It still has a communist government, but it is moving away from the primacy of the Communist Party very, very rapidly, as you have seen in the last plenum. As I indicated earlier, they are moving rapidly toward political pluralism.

Mr. **Alexander**. The answer is communism is not a threat?

Secretary **Baker**. Well, communism as a philosophy has not competed very well with freedom or democracy as a philosophy, Mr. Alexander, clearly.

Mr. **Alexander**. Would you characterize communism as bankrupt as a philosophy?

Secretary **Baker**. I don't think it has been very successful. Let me tell you that I am reluctant to do.

I just said a minute ago that we ought to support the reform efforts in the Soviet Union. That means to some extent we ought not to gloat too much over our success. I have talked about our success.

I have talked about the fact that freedom works, that democracy works. But, I don't think it is overly productive to gloat about it and put a stick in their eye just for the hell of it.

REGIONAL PLAN FOR CENTRAL AMERICA

Mr. **Alexander**. I agree with that. Let me move on to Central America.

You mentioned a minute ago about plans that we have in Panama and Central America, particularly Nicaragua. Will we be looking forward to receive a comprehensive proposal for economic development and political reform in Central America and possibly Panama?

Secretary **Baker**. I think the first thing we need to do is respond to the short-term need, Congressman. But I certainly think that your idea is a good one and it is something that we are going to be considering and looking at within the Department.

Mr. **Alexander**. One other question.

Secretary **Baker**. This hemisphere is extraordinarily important to us.

TRADE POTENTIAL

Mr. **Alexander**. From my region, we look upon Central America as a part, of course, of the Latin American hemispheric community and see it as an enormous potential for trade, especially for food development programs and small construction-type programs that are very profitable for Americans to become involved with. The history of our economic development programs with other developing regions over time has taught us that that can be very profitable for us.

That is why I am concerned about the formation of an economic development and political reform program that is comprehensive in nature, rather than separate country by country, as we appear to be managing at the present time.

Secretary **Baker**. I think the point you make is a good one. I do think we should look region-wide. That does not mean we should neglect what I think is a very important short-term need that must be addressed quickly and promptly.

Let me say one thing along those lines, if I could, Congressman, since you have given me the opportunity. One of the best ways that we can help not just the emerging democracies in Eastern Europe, but particularly those in our own hemisphere, is through trade.

We have got our own political problems with respect to sugar and textiles and leather. We tried here to get the CBI, the Caribbean Basin Initiative expanded. It is being debated in the other body.

Getting expanded to give some of those countries a little relief on sugar or textiles or shoes, and we can't do it because of the political pressures to keep market restrictions on those products as they come into the United States. That is very shortsighted.

I understand the politics of it. But this is one area we could really help, particularly these countries moving to democracy in Central America.

Mr. **Alexander**. Last year we talked about the people who are on the front lines of trade, overseas Americans that live in foreign countries and represent various producers back home.

We have a series of three bills that affect overseas Americans and a plan for those people. Your department was going to get back with me on those bills.

May I remind you again now that we are beginning the hearing phase, we have not yet heard from the department. We would like to—would like to confer with you about those subjects before the middle of the summer, if we might.

Secretary **Baker**. I remember talking about that, sir. All right.

Mr. **Smith**. Mr. Carr?

Mr. **Carr**. Thank you, Mr. Chairman.

Nice to see you. It is nice to see you sitting there alone.

Sometimes I go to these hearings and there are so many people crowded around the table, you can't figure out who is the Secretary.

I suspect that there are a few people from your department here, but I just like the statement you make by sitting there alone. I know it also has to do with your great mastery of detail in addition to all those global issues that you talk about.

Secretary **Baker**. Now you are going to ask me a detail question I can't answer.

SEA LAMPREY PROGRAM

Mr. **Carr**. Well, this one is global for those of us who represent the Great Lakes. You know, for some our world is very small up there.

I want to know whether the State Department or OMB cut the funds for the sea lamprey program.

Secretary BAKER. The sea lamprey program?

Mr. CARR. We know you have been waiting for that question.

Secretary BAKER. I am really glad you asked me that, Congressman. I have two volumes—I don't have a sea lamprey program on any of them, but I will get you an answer.

Mr. CARR. All right.

[The information follows:]

SEA LAMPREY PROGRAM

Last year, the Administration requested $5.2 million for the Great Lakes Fishery Commission. That total included approximately $1.1 million for the purchase of lampricide to aid the Commission's program of lamprey eel eradication in the Great Lakes. Congress added $1.3 million for the purchase of lampricide to the Administration's request.

Our FY 1991 request of $5.2 million for the Great Lakes Fishery Commission includes approximately $1.1 million for the purchase of lampricide. Because of budget constraints, our request does not include the extra funding for lampricide that was included in the FY 1990 appropriation.

COUNTER PARTS IN THE SUPREME SOVIET

Mr. CARR. Some of us in Congress are reaching out to do our bit with our counterparts in the new legislatures in Eastern Europe. They are trying to learn what has taken our Congress 200 years to learn.

In any event, I just want to let you know that some of us—I happen to be Chairman of the Congressional Arts Caucus—some of us in this Congress are trying to reach out to our counterparts in the Supreme Soviet.

We are undertaking serious discussions. We don't want to exclude our own State Department, however.

Perhaps, somewhere along the line you could designate someone in your office to give me a call and come up and chat with me and let us coordinate our efforts.

SEA LAMPREY PROGRAM

Secretary BAKER. Congressman, to be fair, would you like to have an answer on the sea lamprey program?

Our budget office can give you that or I will get it for you for the record.

Mr. CARR. I can get it for the record. That is fine.

EMBASSY PROPERTY IN MOSCOW

Mr. CARR. It came to me this morning that discussions—I don't mean to return to the Soviet embassy over and over and over again. It came to me this morning, some new information that I was not aware of, but I would suspect as Secretary of State, you might be aware of.

The Soviet Government has made some offer or hint that they might be willing to give us or let us buy the property we currently occupy and now rent, in addition to the temporary apartments that are behind and between our current and our proposed new embassy, and those apartments along the side street there. Is that true?

Secretary **Baker**. We have got some discussions going on with them about securing some property.

Congressman, that property would be used for housing, for support and for unclassified buildings that would be open to the Soviet public.

Our decision took into consideration negotiations and discussions that Ambassador Salgo was having with respect to this other property.

Mr. **Carr**. I was not wave of that. You may have precluded the possibility here, but it seems to me that we could use the current building for unclassified activities and then do something which will need to be more secure on that available property. That might give us another option.

DIRECT FLIGHTS BETWEEN EL AL AND AEROFLOT

Anyway, you mentioned in your response to one of Mr. Regula's questions about Jackson-Vanik. I am wondering to what extent that is involved in discussions between Israel and the Soviet Union over direct flights between El Al and Aeroflot. And if it is, are we able to be of help in that area?

Secretary **Baker**. We have tried to be of help, Congressman. I raised the direct flight issue with Minister Shevardnadze when I was last in Moscow to see if we could get those direct flights going.

As I have said in the past, we support, strongly support the migration of Soviet Jews to Israel.

We want to do what we can to try and get those flights going again. So, we are working on that.

RESETTLEMENT OF SOVIET JEWS IN ISRAEL

Mr. **Carr**. Well, in regards to Soviet immigration to Israel, Congress is soon going to be considering a $400 million guarantee program to help resettle a large number of those Soviet Jews immigrating to Israel. Just as Israel provided assurances to our government over the years on a variety of fronts that none of the money will be spent outside the green line, apparently they are ready to make similar assurances in the context of the guarantee program.

So my question is, given those assurances, will you support that humanitarian program?

Secretary **Baker**. The President has expressed our support, Congressman, for the proposed housing investment guarantees to help resettle Soviet Jews in Israel provided that the United States and Israel are able to work out assurances that satisfy us on settlement activity.

Now, with respect to the particular question you have asked me, I would have to say that would be a very positive and important step.

PACE OF EVENTS IN EASTERN EUROPE AND SOVIET UNION

Mr. **Carr**. Well, I believe it would. Of course, we would like to have your State Department support for that.

I agree with you and with comments of most of other Members about the dizzying pace of events in Eastern Europe and the Soviet Union in the past few months. It just raises to my mind, and I think to a lot of people, average citizens out there who expect a lot of us as Members of Congress, and you in particular because you are the focal point for a lot of these, our response to the changes. I am at a loss as to how you all keep up with everything.

Conditions we thought would continue for decades suddenly disappeared. Conditions we thought would never be the case are suddenly now reality or new reality, and emerging reality. How do you keep up with it and not make any mistakes?

Secretary **Baker**. I never have claimed that we don't make some mistakes. But it seems to me, Congressman, that the point you are really making is that all this change is coming very, very rapidly, and indeed it is. Much of it was not foreseen by anybody, either anybody up here or anybody downtown or, for that matter, anybody in a lot of other countries around the world, and even some of the countries where the change is taking place.

What we have to do what our job is, as we have been saying for eight or nine months, is to properly manage this dynamic change because change doesn't necessarily equate to stability. As things change, there is a serious risk of instability.

There is certainly unpredictability in the world events today as we see these changes taking place. We have to confront unpredictability, we have to confront instability.

Above all, we have got to conduct ourselves in a way that permits us to properly manage what is extraordinarily dynamic change.

I am not going to suggest to you that in the course of that we are not going to make some mistakes. I hope we are not going to make many, and I hope we have not made many so far. We are going to do the very best that we can.

TROOP REDUCTIONS IN EUROPE

Mr. **Carr**. Well, Mr. Secretary, I don't think I would want to trade jobs with you because anticipating the future in this ever-changing world has gotten to be very, very difficult. But I can't help but think that the Administration has got itself boxed on troop reductions in Europe.

As I read it, given fast changing events, you may have agreed to a 90 percent reduction on U.S. troops in Europe.

Secretary **Baker**. Well, if that is the reading you want to put on it, Congressman, that is fine. That is not what we agreed to.

What we really agreed to was to take our forces down in the Central Zone to 195,000, which is down from 305,000 to about 110,000 troops, if the Soviets would take something in the neighborhood of 308,000 to 400,000 troops down. I don't think that is a bad deal.

Further, we agreed to the fact that we could maintain an asymmetry in terms of the troops that we had in Europe versus what they had, and that they would recognize that asymmetry. They, in effect, came around and agreed to the very proposal that the President put to them, asking only that we make explicit what was an implicit ceiling on troops in other parts of Europe.

I heard General Galvin say that he thought it was a good deal here the other day, and I frankly think it is a good deal.

I know the President of the United States thinks it is a good deal, the Secretary of Defense thinks it is a good deal.

The Chairman of the Joint Chiefs signed off on it, the National Security Advisers thought it was a good deal. You are entitled to disagree.

Mr. **Carr**. I am not saying it is not a good deal. I am saying it rests upon a very heavy assumption that what comes out of the 2 Plus 4, and what comes out of United Germany in the next few months, maybe in a few years doesn't amount to inviting us out of Germany. If we are not invited to stay in Germany, then you are left with 30,000 troops in the rest of Europe.

Secretary **Baker**. It doesn't rest on that at all. That is not the way that it ought to be viewed because it doesn't rest on that.

Even if that were the case, yes, you would be left with 30,000 troops in Europe. But if the circumstances are such that United States forces are not going to be wanted by our allies in the Central Zone, we would have a difficult problem, in my view, maintaining 30,000 in Europe.

As I told people on the Senate Budget Committee the other day, I wish we could get a resounding commitment from this Congress that they are not the ones that are going to try and take us down below 195,000 in the Central Zone because, quite frankly, I think the risk is much greater that you are going to come at us up here than that the Germans are going to come at us.

Let me tell you, based on our discussions, all Western European allies want to continue the United States presence in Europe. All of these Eastern Europe countries that are reforming want a continued United States presence in Europe.

And I am not prepared to tell but, that deep down the Soviets don't want to see us maintain a continued presence in the Central Zone.

Mr. **Carr**. All I am raising, Mr. Secretary, is the possibility that conditions we think will continue in the future just don't last very long, and new conditions arise. You look at a poll of 71 percent of the people in West Germany who think that all foreign troops ought to be removed from Germany. It seems to me that in this particular environment we may end up seeing by year's end, or the in the next year, United States troops reduced to 30,000 in the periphery of Europe.

You may be right in suggesting that. You know, that might be what we want to do. But, I think—don't try to put that one on the Congress. That is something the Administration has agreed to.

Secretary **Baker**. I am not putting that one on the Congress. What I am saying is I hope we can get a commitment from you up here that you are not going to come at us to reduce below 195,000 in the Central Zone.

Mr. **Carr**. This isn't your department, but it is also this Administration that could have exempted troop cuts everywhere from Gramm-Rudman sequestration and didn't. So, we are—don't put that one on the Congress.

I think we are going to end up reducing troops, but it is because the Administration wants to do so. And we might support you on that. That might be fine.

Secretary **Baker**. Let me add one more comment to this. I think if you are going to look here and try to pull out every possible hypothetical to question the agreement and you are pulling out a hypothetical, that in my opinion and the opinion of most, is very, very unlikely, then you ought to put those hypotheticals in context.

You better, I think, ask yourself, "What else could be happening? Would we want to build up our presence in the Netherlands or Belgium if we were asked to reduce it in Germany?"

Nothing to prevent that. That is not something that those of you who want to question this ever look at.

You might also want to ask yourself what we would do with respect to the national security interest waiver that is going to be in any agreement or treaty to this effect? I think you really ought not to just pick one extremely unlikely hypothetical as the basis on which to question what I think is an extraordinarily good agreement for the U.S.

Mr. **Carr**. I am not, I am just saying, Mr. Secretary, that things are going at a dizzying pace.

We can't predict everything. I know you have got to make some predictions based on some assumptions. We all have to worry about those assumptions.

Incidentally, was Secretary Cheney and you mentioned General Galvin, were they consulted on the 30,000 troop ceiling?

Secretary **Baker**. The President of the United States was consulted twice by me. The National Security Adviser was consulted twice by me. And the National Security Adviser then consulted with the Secretary of Defense, who was out of the country when he spoke to him.

The Secretary of Defense supports this, as he has testified. He also consulted with the Chairman of the Joint Chiefs.

Mr. **Carr**. I appreciate it.

Again, I wouldn't want to change my job for yours in the rapid change of events here. I guess those of us who look to you for confidence want to know that our government is not being short-circuited because things are just going too fast.

That may raise cause for you to have additional staff during this transitional period in world affairs.

We may need to help you with more staff positions and more money. I think the committee would like to do it because I think the confidence that the American people have in the correctness of your moves in a very, very rapidly changing world is very important.

Thank you for your testimony.

Secretary **Baker**. Thank you, Mr. Chairman.

Mr. **Smith**. Mr. Kolbe?

UNIFIED GERMANY WITH OR WITHOUT AMERICAN TROOPS

Mr. **Kolbe**. Thank you, Mr. Chairman.

Mr. Secretary, welcome. I join with my colleagues in welcoming you and expressing our appreciation for the job you do under very difficult circumstances.

I want to associate myself with remarks you made a moment ago in response to something Mr. Carr said. Certainly the changes taking place, while extraordinary and very hopeful to us, leave a great deal of uncertainty and potential for a very unstable world out there.

I think that the United States, the public and Congress need to keep that in mind as we consider both our national security as well as our diplomatic and foreign commitments.

I would like to follow up, if I might, on an area that Mr. Carr was asking about: the troop commitment level.

I noticed that Mr. Modrow and President Gorbachev were saying Germany ought not to be in NATO.

I don't know if this is a statement just for posturing at this point when the Chancellor said that they should be in NATO. Is it conceivable there is an outcome to this that would result in bringing about a unified Germany, that a unified Germany may not be in NATO and that part of the commitment on the part of the West Germans, in order to achieve this, might be the withdrawal of American troops?

Secretary **Baker**. Congressman, I don't think that is going to happen. Everyone has indicated they don't think, with the exception of the East German Prime Minister, everybody has said they do not want to see a neutral, unified Germany.

Mr. **Klobe**. If, however, the subsequent elections in a unified Germany hinged on a withdrawal of American troops, and there seems to be some evidence that Germans would be anxious to see troops withdrawn there, if that happened, we have said all along our troops are there by invitation and we would presumably depart willingly.

In your view, would the commitment of 30,000 troops that we have elsewhere in Europe be renegotiated or does that still hold?

Secretary **Baker**. I am not going to engage in hypotheticals with you like that, Congressman.

For 40 years it is our forces that have been there by invitation and the Soviets have not. The hypothetical you present me is the Soviets stay by invitation, 195,000 troops, and we are invited to leave.

Mr. **Kolbe**. I am suggesting that all the troops are withdrawn at that point from Central Europe.

Secretary **Baker**. I don't think that is likely. It is just not likely.

The people that are most directly concerned with German unification want stability. And the principal guarantee of stability is the presence of United States forces.

The Germans want it, all of the NATO allies want it, the Eastern Europeans want it and as I just told you, even though they say they don't want it, let's see what the future brings with respect to what the ultimate position of the Soviet Union.

Mr. **Kolbe**. I hope you are right about the Germans wanting it. It seems to me conceivable that in the future a unified Germany might have a different view about U.S. and Soviet troops.

Secretary **Baker**. They might. In answer to Congressman Carr's question, I pointed to the fact that this agreement will have a national security interest clause in it.

But, I am not suggesting that by giving you that answer it is likely that we are going to be invited to leave.

I don't think it is.

CHINA SITUATION

Mr. **Kolbe**. Mr. Secretary, in your earlier testimony you said you felt the only military threat from the communist world today could possibly come from the Soviet Union.

I certainly would concur with that, at least as we look to Europe.

I am interested in knowing whether you deliberately left out of that the possibility of China.

China is a very different kind of country and a very different military power, but a very large land based power.

Does China pose any problems for the United States regionally in Asia? Could it conceivably?

Secretary **Baker**. I was speaking about a military threat to the United States.

Again, what you want me to do is speculate on what I would hope is an unlikely scenario, Congressman. I will decline to do that.

Mr. **Kolbe**. A military threat to Asia certainly would be a threat to our interests.

What I am asking is does not the United States have any interest in the Western Pacific?

Secretary **Baker**. We do.

Mr. **Kolbe**. Is China not a part of that equation?

Secretary **Baker**. It is. And that is why we don't think we ought to drive China into isolation.

A policy that has not attracted a great deal of popular appeal or support. It is an unpopular policy, but it is the right policy.

It is right for the very reason that you just pointed out. We should not isolate the People's Republic of China.

We should not exacerbate the tragedy of Tiananmen Square by doing so. I realize that is not popular.

Mr. **Kolbe**. I won't get into that one here today.

Secretary **Baker**. But it does relate to the U.S. strategic importance of that country.

Mr. **Kolbe**. Somehow we have to find a balance between protecting, our commitment to human rights around the world and our geopolitical——

Secretary **Baker**. True.

Mr. **Kolbe** [continuing]. Interests. Reasonable people can differ on exactly where we come down at different times on that issue.

Secretary **Baker**. That is right, Congressman. Of course we are not oblivious to that. That is why we have sanctions in place and in force against the People's Republic of China.

CAMBODIAN TALKS

Mr. **Kolbe**. Let me turn in the same region to the subject of Cambodia. The recent collapse of the talks there is very disturbing and distressing.

It seems to be the one area of the world where democracy is not making as much progress as we would like. I hope we are going to see some progress there.

I wonder if Nicaragua doesn't give us a lesson in the world and suggest supervised elections in Cambodia really ought to be the answer. I realize we have been supportive of that.

Is there any chance, do you think, of getting these talks back again, going and finding some resolution to the Cambodian issue?

Secretary **Baker**. It is my understanding that the Permanent Five talks will resume shortly at the political director's level. The difficulty has not so much been, as I understand it, the role of the U.N. in any election, but the form of a transitional government that would supervise or be in power—put it that way—during the course of those relations.

Mr. **Kolbe**. For the sake of that very troubled country, I certainly hope that some answer can be found.

I think that the American people would like to see that happen as well. I know that you would, too.

OUTLOOK ON PHILIPPINES

Again, staying in the same region, I would like to ask a couple of questions about the Philippines. Having been over there in January to look at the problems of our bases because of my seat on the Military Construction Subcommittee. What is your assessment of the outlook at the moment for Mrs. Aquino?

There seems to be an increasing concern on the part of our government and the American public, concern as to whether Mrs. Aquino is going to be able to maintain her position through the rest of her term.

Secretary **Baker**. Let me say that we strongly support Mrs. Aquino, Congressman. We support her government, we support the fact that she was freely elected.

We think that the Philippines have been important to the United States for a long time, and they remain an important friend of ours.

You mentioned the security concerns we have in the Western Pacific. We meet those security concerns, to a large extent, through our bases in the Philippines.

We are looking forward to a positive result from the base negotiations that will begin within the reasonably near term.

I don't think it is productive where a democratically elected government has fought off coup attempts by the military for friends to be predicting whether that government will or won't survive. We hope very much that it will. Mrs. Aquino took very strong actions here the other day against insurgency and handled it very expeditiously and very efficiently.

I think it is important to the United States that we see continued stability and that we see democracy in the Philippines.

RENEWAL OF BASE AGREEMENTS

Mr. **Kolbe**. Well, I absolutely agree with that. One wonders whether it can survive or not.

I certainly agree with you. It doesn't help for you to speculate on whether or not that would be the case.

Let me bring it to the issue of the bases themselves, my reading, having been over there recently, is more pessimistic about the outlook for a base agreement with Mrs. Aquino's Government than it was before I went.

Certainly, the agreement must be for a length of time necessary for Congress to make what I think is the kind of capital investment we would want to make in the bases.

In your view, what is the shortest period of time we could reasonably look at for a renewal of those bases and be able to do the improvements that might be needed?

Secretary **Baker**. Congressman, I would rather not put a number out there now. That is going to be one of the essential elements for negotiations.

Let me say this. I said this in a hearing a week or 10 days ago.

I feel about these bases the way I do, and I know the President does, about other American contributions to the mutual security of the United States and other countries. We ought to be there only as long as we are wanted.

These bases, while they are for our security and they are quite important for our security, they also happen to be for the security of the Philippines and the security of the Western Pacific. I related at this hearing an incident that happened to me at a recent meeting where a foreign minister in a country where we have some bases had been saying to me over a couple of months, "We are going to have a tough negotiation. It is going to cost a lot more," and so forth, and on.

I asked him earlier, "Do you really want us there?" He said, "Yes, but we want, you know, we want to make sure it is on good terms, and so forth."

We ended up pulling out of a couple of bases in that country. When I next saw the minister, he was talking about the loss of hard currency earnings and how much it was going to cost their government.

He looked at me and said, "You really were serious when you said maybe you wouldn't be there forever." I said, "I think it is important for these countries where we maintain an extensive military presence for their benefit and for our benefit appreciate what the United States is doing."

Mr. **Kolbe**. If the Philippine public and government is not getting a reading on the mood of the American people today, they are not being well served by their diplomatic staff here in Washington because there is not a large constituency, unfortunately, for those bases in the United States or for any kind of increased cost for them.

However, I would turn to the first part of your statement. The United States national security interests also are involved.

As you suggest, the Western Pacific, a region of the world where we do 37 percent of our trade, is an enormously important area for us. I would hope that we will be able to achieve some agreement with them. If not, we are going to have to be thinking about alternatives.

One of those alternatives, although it doesn't meet all the requirements by any means, is Singapore. We submitted our request for joint use of part of an air base and a Naval base.

Can you enlighten us on the request for joint usage of those facilities?

Secretary **Baker**. No, sir, I can't.

I will get you answer. I know we submitted it. I have not seen a report on that recently.

[The information follows:]

U.S. Military Use of Singapore Facilities

Prime Minister Lee Kuan Yew in January 1989 offered Singapore facilities for use by the U.S. military. After thorough study of the offer by the Departments of State and Defense, Ambassador Orr provided the U.S. response to PM Lee in October 1989 and offered to increase ship and aircraft visits to Singapore, including temporary deployments of fighter aircraft for training purposes. We plan to assign approximately 160 U.S. personnel to Singapore on either a permanent or temporary basis to support this increased presence.

Ambassador Orr in January 1990 presented to PM Lee the proposed text of an agreement regarding U.S. use of military facilities in Singapore. This agreement would be similar to those we have concluded with other countries that have granted us access to their facilities, and it includes status of forces provisions to ensure adequate legal protection for U.S. personnel in Singapore.

Negotiations with the Government of Singapore on this agreement took place in Singapore February 26–March 2. The discussions were cordial and constructive and discussions are continuing. Both sides have reiterated their interest in moving forward on this mutual initiative to enhance security cooperation.

LOCATION OF NEW EMBASSY IN MOSCOW

Mr. **Kolbe**. The final question is one we have been dealing with for so long: the Moscow embassy. I noticed in your statement an interesting comment. The new building, you say, as it stands is unsuited for classified functions.

We believe it is unsuitable as well for most unclassified functions because of its layout and location, proposals to tear it down and rebuild it on that spot.

Would you tell us how it is going to be usable in the same location?

Secretary **Baker**. If we tear it down and completely demolish it?

Mr. **Kolbe**. Yes, and rebuild it. Your statement says, "'It is unsuitable because of its layout and location."

If we rebuild it in the same location, how is it then suitable?

Secretary **Baker**. What that refers to is that it is unsuitable for unclassified functions because we would have to have the people there occupying it, who will be dealing as well in classified matters, leave that building and go somewhere else any time they wanted to talk about anything that was classified.

As you know and I know, we over-classify things in this government. It is pretty hard to talk about anything in this business that isn't classified.

So that is, I think, what I mean by the statement.

Mr. **Kolbe**. In other words, I don't want to put words in your mouth, but you are saying if we tear it down and rebuild it solely for classified functions, it is in the right location?

Secretary **Baker**. I think it would be, yes.

Mr. **Kolbe**. People behind you are nodding. Its location where it is there now is not suitable for——

Secretary **Baker**. It doesn't lend itself to just unclassified use because the people who would be using it for unclassified discussions would also have to have classified discussions.

You would have to run out of the building somewhere else to have a classified discussion and then come back in the building if you wanted to do unclassified business. It would be a mess.

Mr. KOLBE. Although these decisions were long before your time, or my time, when it was originally designed and built, it was going to be used for both classified and unclassified functions in that location. It was going to be the only chancery building we had.

Secretary BAKER. You had it all in one building. I suppose the argument is that it is a lot easier to move to an office than it is to go out of the building and go to some other entirely different facility to have your classified discussions.

Mr. KOLBE. Are you confident of getting an agreement on the property negotiations?

Secretary BAKER. What we have to do now over there, and the Committee is certainly entitled to know this, is that we have to go into these facilities that will permit us to have classified discussions. We can't discuss things otherwise in the present building.

These facilities are very, very cramped. In fact, it was very difficult to get all of our delegation there during the course of our last visit to Moscow.

We have to stand up in that facility. You have been there, you have seen it. This is a problem that we really ought to try and get together on.

I hope you can get together on it up here because this is where the divisions are now. We have made our decision. That is what we support. We hope you will get together up here on the Hill.

Let's go about the business of rectifying this problem.

Mr. KOLBE. Are you confident of the property negotiations coming out satisfactorily?

Secretary BAKER. We are optimistic that those are proceeding satisfactorily, yes.

Mr. KOLBE. In a fashion that will be in a timely time frame that will allow us to make a decision here?

Secretary BAKER. Yes, sir, I think so. I would like you to direct that question to the Under Secretary for Management, who will be here in a couple of days, because he is following those matters in detail.

Mr. KOLBE. Thank you, Mr. Chairman.

Mr. SMITH. Mr. Mollohan.

IMPROVEMENTS IN CONSULAR EMERGENCY SERVICES

Mr. MOLLOHAN. Thank you, Mr. Chairman.

Mr. Secretary, let me join the Chairman and my colleagues in welcoming you to the hearing and to express our appreciation for your good stewardship in these challenging and dynamic times.

During my service on Capitol Hill I have been impressed with the services Consular Officers have provided to Americans. I would like to take the opportunity to acknowledge the efforts they have made around the world.

At the same time it appears some things could be improved. I was hoping here today you could outline for us some measures that the State Department has taken to ensure the continuing improvement of the services consular sections overseas they provide, especially in the area of liaison between posts and the Department in times of emergency, such as an airline crash or an evacuation of Americans from dangerous areas?

Secretary BAKER. Congressman, we have done a lot with respect to the latter issue because we, frankly, did not think that our response to the Pan Am 103 situation was satisfactory. We met with a number of people who are interested in that.

We have made a number of changes. I would like to get the details for you because I don't have them all in my head. We now have procedures.

We have worked closely with Secretary Skinner and with the FAA so that we can coordinate. One of the biggest problems, of course, is getting lists of the names from the carriers so we can engage immediately when there is a tragedy such as that.

But, we have done quite a bit of work in that regard. We have taken other steps in general improvements as well.

I would like to get the details and provide them for you.

[The information follows:]

CA CRISIS MANAGEMENT ISSUES

The Department is re-evaluating all of our crisis management procedures with particular emphasis on the families of the victims.

Recent actions undertaken to improve Crisis Management are:

(1) Our Consular Affairs' Task Force Manual has been revised and reworked.

(2) We have assembled information packets for families of victims.

(3) A course has been set up to train officers and staff to work on task forces. It has been completed by nearly 150 people.

(4) Development of a more comprehensive Crisis Management course is underway. This will stress sensitivity to concerns of bereaved relatives.

(5) Crisis Management software for tracking cases by computer has been developed and successfully used in two crises (Philippines and Panama).

(6) A five-person consular team was sent to augment staff in Embassy Panama during a recent crisis and consular officers were specially despatched to Niger and Ethiopia to assist after an air disaster involving Americans. In future crises involving American citizens we plan to send similar teams as circumstances warrant.

(7) We have been working with the Air Transport Association to formulate an agreement for information sharing in overseas air disasters, including passenger lists, and other division of responsibilities.

(8) Toll-free 800 telephone numbers (for families of victims) have been installed in the State Department's crisis response area.

(9) The Secretary has sent condolence letters to victims of terrorism and the Department has sent representatives to funerals after recent terrorist incidents. We are working to develop governmentwide procedures for handling the next major disaster. We are considering what the U.S. Government's role should be in memorial services, ceremonies at airports, etc.

(10) We have obtained laptop computers which can be carried to disasters at remote sites. We are looking at other hardware, such as satellite telephones, which could be used to have the best possible communications after disasters.

(11) We have modified our automated telephone answer system and have installed additional lines to handle large numbers of telephone inquiries.

(12) We have identified and refurnished several office areas to be used as overflow crisis task force rooms in large scale disasters.

(13) To alert overseas posts to be as sensitive as possible to the needs of Americans when local crisis strike, we have taken the following steps:

We have sent cables to all posts stressing that during a crisis there can be no double standards between treatment of official Americans and private citizens.

We have reissued our disaster management handbook and sent it to all posts.

We will be sending to posts a videotape about crisis management prepared by the Department.

As we develop the crises management training programs mentioned above we will be sending both written and video materials from those courses to our posts.

Training for junior officers about to go to post and for mid-level officials will include crisis management material.

DIPLOMATIC SECURITY EFFORT

Mr. **Mollohan**. The State Department's fiscal year 1991 budget requests $229,812,000 for the Bureau of Diplomatic Security, which is about $35.5 million less than was appropriated last year. Does this indicate your confidence that the security of Americans assigned to diplomatic and consular posts is tight enough to guarantee the safety of officers and dependents, and even that the need to provide those security services may be decreasing?

Secretary **Baker**. I think we have made substantial strides over the past several years in our diplomatic security effort. You have generously allocated funding for increased efforts in this regard.

We can answer your question, yes. We feel that we are doing the best job we can in terms of protecting our people in posts abroad. The construction part of this program is proceeding, perhaps not in keeping with the original schedule, but is nevertheless going forward.

We have committed extra resources in recent years to diplomatic security and we are in much better shape now with respect to security issues overall in the Department of State than we were a number of years ago.

Mr. **Mollohan**. Thank you, Mr. Secretary.

UNDERSTANDING INSTEAD OF TALKING TOUGH

Mr. **Smith**. Mr. Secretary, there was a time not long ago it was generally thought, I think, that the Secretary of State and the President, for that matter, should have what they call charisma. That meant talking loud and irritating people, you know.

That is what it became interpreted to mean. I think your predecessor did a great deal to overcome that illusion that people have that that was the way you had to run the government.

I want to say to you that you have continued to show understanding instead of talking tough. I think the comments here this morning illustrate that we think that a good approach, much better approach.

I congratulate you on that.

Secretary **Baker**. Thank you, Mr. Chairman.

Are you suggesting I need a charisma transplant?

Mr. **Smith**. No. I am suggesting the opposite. Talking tough on every occasion doesn't work.

Secretary **Baker**. I understand.

Mr. **Smith** Now, you have had a great fifteen 15 months, and they have not been easy. I was thinking as I sat here today, I doubt if there is any Secretary of State since Dean Acheson who has had so many changes in the world during his tenure to deal with as you have.

They have been almost simultaneous. You need the support of the subcommittee. This subcommittee has always tried to support you. We want to. We will continue to do so.

Now, we need a short closed hearing. Are you going to be able to stay for another 15 minutes?

Secretary **Baker**. Yes, sir.

Mr. **Smith**. In that case, we will clear the room.

ECONOMIC POSITION

Mr. **Rogers**. I have one question before you close, Mr. Chairman. I will keep it brief.

Mr. Secretary, in your statement you mentioned the five challenges that you are facing.

One, promoting democratic values; two, fostering market principles; three, promoting peace and arms control; four, protecting the world community against transnational threats; and five, strengthening our alliances and international ties.

No where in there do I see promoting American exports. I realize that is not a traditional State Department initiative.

We operate in a changed world where competition and national security is not necessarily defined by military preparedness as much as by economic productiveness, and we are not doing very well in the productiveness or trade departments these days. In each of your posts, or most of the major posts around the world, we have a foreign commercial service officer, an employee of the Commerce Department, but under ambassadorial control and jurisdiction.

From time to time I have been told while visiting those posts, by the commercial officers, that State doesn't let them do their thing in hustling American sales in their country. I know you, when you came on board, began trying to change that.

We had the Secretary of Commerce here the other day. We talked about this as well. I urged him to talk about that some more when you two go on your next fishing trip, about how we can hustle American products in the countries where we have diplomatic and commercial people.

Secretary **Baker**. Mr. Rogers, let me say what you have heard me say, and I think the Committee has heard me say on a number of occasions—I hope you have because I say it all the time—that the United States can only be strong militarily and politically to the extent that it is strong economically.

I have firmly stated that ever since I was an Under Secretary of Commerce in 1975. I believed it as Chief of Staff at the White House for four and half years.

I really believed it as Secretary of the Treasury for three years. I have given instructions within the Department that I want to see us all aware and conscious of the importance of improving our competitive position and our economic position.

I don't know what the Secretary of Commerce told you, but we have worked out an arrangement whereby we added Foreign Commercial Services Officers in Brussels because it was something he thought was important. I got some initial bureaucratic resistance within the Department.

I said, no, we are going to do it. We have done that in a couple of instances, Congressman.

But I want to just say that I totally agree with you. I think it is important.

I didn't list it because I don't think it is one of the major principal or fundamental goals of our policy or of the Department of State, but it is important.

The Department of State is going to be cooperative with respect to it.

Mr. ROGERS. I am glad to hear you say this. Many times our State Department posts, whose number one goal is good relations with everybody, refuses to ruffle feathers in the name of pushing American exports. That is not necessarily consistent with the commercial service officer's job, which is to ruffle feathers in the interest of better trade.

I would hope the ambassador and the State Department personnel would be careful to let those commercial people do their thing and not get overly alarmed when they ruffle a few feathers. That is the only point I want to make.

Secretary BAKER. The only reservation I have is that it is important that the Foreign Commercial Service Officers work through the Chief of the Mission. He is the President's representative.

You can't have each agency doing its own thing out there.

That is clearly, my philosophy, as I have outlined it to you. I have tried to make that clear within the Department and to our Ambassadors, and I will continue to do so.

Mr. ROGERS. Thank you. Mr. Secretary.

HELP FROM THE PASSPORT OFFICE

Mr. REGULA. Mr. Secretary, you have received many well-deserved accolades this morning. I want to add your passport office operation at State and two instances on weekends they have been extremely helpful on some passport problems I had with constituents. That is a nuts and bolts thing.

It is not glamorous. Believe me, it is refreshing to be able to call the Department on a weekend and get help for constituents.

I thank you for it, obviously your leadership in making sure that that attitude prevails all the way down the line.

Secretary BAKER. Thank you, Congressman. We want to make sure they know who is on this Committee.

CLOSED HEARING

Mr. SMITH. This concludes the open hearing with the Secretary of State. We will go into a closed hearing now.

[The following questions were submitted to be answered for the record]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

Changes in Workload

QUESTION: What are your additonal resource needs in Panama and Nicaragua and how do you plan to finance those needs.

ANSWER: Violeta Chamorro's victory in Nicaragua's recent free, democratic elections is a watershed in U.S.-Nicaraguan relations. In recent months, our Embassy in Managua has labored under a Sandinista-imposed staffing limitation of 15 U.S. employees. We have recently been told that this limitation is to be lifted. We certainly want to expand our diplomatic presence in Managua to assist Nicaragua's democratic and economic development.

We are now studying how we can do this most efficiently. We hope to have an answer shortly.

QUESTION: What changes are you making in your security upgrade program in light of the changed situation in Eastern Europe and the Soviet Union?

ANSWER: The Department and the Bureau of Diplomatic Security are looking closely at the changes transpiring in Eastern Europe and the Soviet Union and have devised a mechanism to adjust programs to the changing security environment. As part of an overall effort to tie resources to the seriousness of the threat, we are currently refining our security standards to accurately reflect the requirements of a specific type and level of threat. We have also refined our threat assessment criteria, and are requesting interagency and post input before finalizing those criteria.

In Eastern Europe, we have traditionally worried about technical and human intelligence threats. With open borders proposed for Western Europe and loosening controls in former Communist countries, the potential increases for criminal and terrorism problems. The threat levels and standards are designed to address such eventualities. Allocation of scarce resources will remain a continuing problem. We will continue to watch the situation carefully and make adjustments to our upgrade programs as threats are sustained.

Human Intelligence Threat: In our view, the political changes in the Soviet Union have not reduced the need for a strong security program. Soviet intelligence activity continues worldwide. In Eastern Europe the character of the threat may be changing, but the need for counterintelligence capability remains. The activity of these services will be highly dependent upon the status of bilateral relations and growing national interests. Each country must be examined separately and any future changes in the Department's program will be tailored to the existing human intelligence threat.

Technical Threat: Technical security analysts will work closely with the intelligence community to monitor change and assess any fluctuations in the technical threat. Appropriate adjustments will be made to post threat levels and subsequent levels of protection, where warranted.

Although the question has been raised concerning continuation of the Core Chancery Program in light of recent events, it would be premature to consider changes in the immediate future.

The local guard program is unaffected to date by current events in Eastern Europe. The cost and size of local guard programs in bloc countries are relatively small, but may increase as local currencies are tied to free market currencies. Further, additional guards may be required if the number of American personnel increases dramatically or the level of criminal activity rises.

The bloc posts tend to range in the low or medium terrorist threat categories. However, as borders become more open, it may become easier for terrorist groups to travel to countries not previously subject to such threats.

Assessed Contributions

QUESTION: In your statement, you say that the payment of arrearages will be directed toward special activities. What are these special activities?

ANSWER: The payment of arrearages will go toward activities that are mutually acceptable to the United States and the international organization concerned. Account would have to be taken of the financial regulations of the respective organizations which, in some cases, would require that a portion of the payment go toward replenishment of depleted reserves (e.g., Working Capital Fund). In all cases, and before any arrearage payments are made, we would consult with the respective organizations and consider carefully all activities on which agreement can be reached.

QUESTION: A few years ago the Reagan Administration, with the support of the Congress, decided to withdraw from UNESCO. Are there any plans to rejoin that organization, and if so, what would be the annual assessment? How much in arrearages would the U.S. Government owe?

ANSWER: We withdrew from UNESCO because of the organization's excessive politicization, poor management, and long-term lack of budgetary restraint. Our policy is to consider re-entry only when sufficient reform is achieved. At present, we remain concerned about several aspects of the organization's communications program and its managment and personnel practices.

Should we return, our annual assessment would be about $50 million. We would owe no arrearages.

QUESTION: How are the UN and other international organizations doing in implementing the reforms in the budget process and administrative procedures which the U.S. insisted upon a few years ago?

ANSWER: With the exception of the FAO, progress has been achieved on the reforms we sought. In general, budgets have been approved by the consensus based decision-making process which ensures that major donors have significant influence in determining the size and composition of the approved budget. With few exceptions, the approved budgets have reflected either zero or negative growth, in real terms, from the previous budget period. Also, the approved budgets reflect administrative improvements to minimize overhead costs in execution of work programs.

The adoption last December of the 1990-91 UN program budget is a highly visible example of the progress achieved in implementation of budgetary and administrative reforms. The 1990-91 UN budget, which reflects negative real growth, was adopted by consensus of member states following the procedural steps called for under resolution 41/213. The budget reflects also various administrative reforms undertaken in recent years by the UN, including progress toward achieving the 15 percent overall reduction in Secretariat staff and the 25 percent reduction in high-level Secretariat posts. A key reform measure, the provision of a contingency fund to cap budget add-ons, was also approved by consensus for the 1990-91 biennium.

Notwithstanding the reforms already achieved, we recognize clearly that much still needs to be done and will continue to press for further progress as an on-going policy matter.

QUESTION: Department officials have testified that the FAO has still not made satisfactory progress in implementing budget reforms. What is the problem with the FAO, and is there any prospect for an early resolution?

ANSWER: FAO argues that, with growing global problems of population and hunger, it should be exempt from pressures to restrain budget increases. In spite of the budget constraints faced by many contributing governments, from industrialized to developing countries, the majority of the membership, especially the G-77 members, have tended to accept the FAO supposition that more money translates to better and more effective programs. They have continued to vote for steadily increasing budgets. The U.S. position is that budget discipline - maintaining zero real budget growth - will lead to greater efficiency with substantial benefits, in the case of FAO for global agricultural production, through the elimination of ineffective programs and by focusing resources on those activities where FAO can make a real difference. Many other major contributors to FAO share this view. Getting the message across to FAO has proven to be a slow and difficult educational process, but there are encouraging signs of increased understanding for the U.S. position among FAO's membership.

We want the FAO and all other agencies in the UN system to establish clear program priorities, to curb excessive expenditures and waste and to improve program impact. We would like the FAO to become a more focused agency, fulfilling its role as a collector and disseminator of technical information on food and agriculture issues, achieving a more appropriate balance between this role and its function as a development agency and revitalizing its technical capacity. We also hope FAO will put forward biennial budgets that can be supported by consensus decision of all FAO's members. We continue to believe the FAO can contribute more effectively to the solution of global food and agricultural problems. There are indications of FAO willingness to address the basic reform issues we are pursuing throughout the UN system.

In 1987 the United States introduced a resolution on reform in FAO which was defeated. An alternate resolution with no teeth was adopted in its place. Since 1987, the United States has demonstrated the seriousness with which it considers the issue by withholding a portion of its payments. At the November, 1989 FAO Conference, a consensus resolution on program reform was passed which, while not as comprehensive as we would wish, was a real advance over 1987.

The U.S. strategy of strong, consistent action, including willingness to accept confrontation and to maintain pressure through the withholding of assessments has resulted in the progress to date. If we are to continue to move ahead toward our objectives, it is important that we maintain our posture of urging reform. We are at the point where FAO may begin to take action to improve the budget process, move toward consensus based budgeting at realistic levels, and make changes in structure and program management procedures which can result in more efficient and effective operations. Many of these changes can be made without any increase in expenditures through reallocation of previously budgeted resources.

QUESTION: How is our withholding of our assessment from the FAO affecting its policies and programs?

ANSWER: The effect of the U.S. withholdings, combined with non-payment or slow payment by other members has resulted in a significant reduction of FAO expenditures and limitations on hiring resulting in some staff reduction. We regret some of the cuts, especially in publications, but believe that for the most part the cuts are equivalent to those we would have expected if FAO had adopted serious budget discipline. The cuts have been in lower priority elements of FAO programs, that is, in field technical assistance projects of limited relevance to FAO's central mandate and in personnel.

Contributions for Peacekeeping Activities

QUESTION: Your budget request for FY 1991 for contributions for international peacekeeping activities is $247.4 million. This amount is an increase of $165.9 million above the FY 1990 appropriation. Both the Administration and the Congress have had serious questions about the effectiveness of these peacekeeping forces in recent years. Why are you now proposing to pay the full 1991 assessment of $90.6 million as well as all of the accumulated arrearages of $156.8 million?

ANSWER: Payment in full of peacekeeping assessments are treaty obligations. As we found when debating the Central American peacekeeping force, others are reluctant to lend support for operations we favor when we don't pay our assessments in full. We have a serious credibility problem with other member states as well as the UN.

In 1989 the U.S. surpassed the Soviets as the largest debtor to UN peacekeeping operations -- unlike the U.S., the Soviets are paying their peacekeeping assessments, including arrears. The FY 1991 budget request is an attempt to reverse this trend and, by honoring its financial obligations, restore U.S. credibility among other member states as well as the UN.

QUESTION: Tell us about the new peacekeeping force in Central America which is called the UN Observer Group in Central America (ONUCA) for which you are proposing a reprogramming of $20.9 million for FY 1990 and a budget request of $16.7 million for FY 1991.

ANSWER: At the request of the five Central American Presidents, the UN Secretary-General sought authority from the Security council to establish an unarmed force of up to 260 military observers and support personnel in Central America, known as ONUCA. Authorization was granted for ONUCA in Security Council Resolution 637 on November 7, 1989, for an initial period of six months.

ONUCA is to serve as the impartial mechanism for on-site verification of the Esquipulas II agreements, namely cessation of aid to irregular forces and insurrectionist movements operating in the region and the non-use of the territory of one state for attacking others. Aside from offices in each of the region's five capitals, ONUCA has thirty-three verificiation centers (located as close as possible to sensitive areas where violations might occur) to carry out regular patrols by vehicles, helicopters, and -- in the Gulf of Fonseca and certain other coastal areas -- by patrol boats.

For a variety of reasons, including difficulties faced by the UN in obtaining qualified personnel from troop-contributing countries, all four phases of ONUCA have not yet been fully deployed, although it has begun operations with the personnel currently available. Full deployment of Phase IV is expected before the end of the initial six-month period.

The Secretary-General calculated that ONUCA would cost approximately $41 million for the six-month period, including a one-time expense of some $18.3 million for start-up costs. The U.S. assessed portion of that overall amount is $12.6 million, which was due in January 1990. Given the continuing conflicts in Central America, including continued FMLN attacks on the democratically-elected government of El Salvador, we believe that ONUCA's mandate will be renewed for at least 18 months beyond the initial period, so we have requested authority to reprogram $20.9 million in funds from FY 1990 to cover our obligation in the current fiscal year and we are requesting $16.7 million in FY 1991 which should be adequate to cover our obligations for ONUCA's original mandate through November 1991.

On March 27, the Security Council unanimously approved additional responsibilties for ONUCA, to enable it to play a role in the voluntary demobilization of the members of the nicaraguan Resistance both inside and outside Nicaragua. The United States actively supported this proposal. This new task, to receive weapons turned in by members of the Resistance, will require deployment for about two-three months of an armed battalion of light infantry (to be provided by Venezuela), which the Secretary-General estimates will cost $7-9 million. The U.S. portion of this assessed obligation (approximately $2 million) has been requested in the supplemental authorization for Panama and Nicaragua.

Facilities Program

QUESTION: In previous budgets the Department requested funds for all costs for site acquisition, design, and construction for each capital project. The FY 1991 request includes funding for only site acquisition and design for certain major capital projects. What is the reason for this change in approach?

ANSWER: As you are aware, the embassy program has been financed on a full funding basis since 1985. However, the full funding approach requires forecasts of many unknowns, such as the cost of construction before the site purchase and determination of actual design requirements. This year we have introduced a separate line item under the Capital Program for site acquisition and design development. Under the separate funding approach for site and design, project sites will be acquired and concept designs will be developed in advance so that construction costs can be accurately estimated before the construction budget request is presented to the Congress.

QUESTION: You have funds in this request to acquire buildings currently under lease in East Germany, but I understand a reprogramming was recently submitted to the Committee to permit you to acquire these buildings this year. What changes are you making in your facilities program for both West Germany and East Germany, and how will those changes affect this budget request?

ANSWER: The Capital Program request for FY91 included $9,445,000 for our ongoing staff housing rehabilitation program in Bonn, West Germany, and $8,500,000 to purchase a compound site in Berlin which is currently under lease.

However, we have amended this request to reflect the dramatic developments in this part of the world. We plan to move forward immediately to exercise previously negotiated options on properties in Berlin by reprogramming funds from the unobligated balances currently committed to the rehabilitation of the chancery in Bonn. We also intend to complete the ongoing work on the Bonn Plittersdorf housing complex, but will cancel rehabilitation of additional units programmed in the pending budget request. We are currently looking at various options on how best to apply these funds and will consult with this Subcommittee before a final decision is made.

QUESTION: What are your plans for addressing the need for secure facilities in Israel?

ANSWER: The Helms Amendment, (Title III of the FY'89 Appropriations Bill) permits the Department to build new diplomatic facilities in Tel Aviv and Jerusalem. We have agreed, as far as practicable, to proceed simultaneously at all stages of the acquisition, development and construction of these facilities.

The U.S. Government signed a land lease purchase agreement with the Government of Israel on January 18, 1989. The agreement terms include leasing the Allenby property in Jerusalem (approximately 8 acres) for 99 years at a cost of $1 annually, renewable for 99 years under the same terms and conditions. The Government of Israel was required to provide a site in Tel Aviv, within 6 months of the agreement date but failed to do so. The original agreement was extended to January 18, 1990 and the Government of Israel has now agreed to a one-year extension of the land lease and purchase agreement from January 18, 1990 to January 18, 1991. The agreement further provides that one year after the completion of the new U.S. Government diplomatic facility in Tel Aviv, the U.S. Government will transfer to the Government of Israel the current Tel Aviv property together with all immovable improvements.

- New Office Building Program - The FY'91 A/FBO Budget request includes $7.2 million design funds for a new office building, service annex, warehouse and Marine Guard residence in Tel Aviv, and $5.7 million for design funds for similar facilities and a principal officer residence in Jerusalem. As noted above, however, while an acceptable site has been identified in Jerusalem, the Government of Israel has not yet been able to identify an acceptable site for new facilities in Tel Aviv.

- Existing Facilities in Tel Aviv - Our existing office building in Tel Aviv is in terrible shape with severe life safety, structural and functional problems. Because of the difficulty in finding a new site in Tel Aviv and the time it would take to design and construct new facilities even after an acceptable site is acquired, we anticipate continued occupancy of the existing facility for at least 5 to 10 years.

To the extent that acquisition of sites is delayed in Tel Aviv and Jerusalem, the FY 1991 requested funds will be applied, subject to congressional notification, to other high priority projects.

QUESTION: What other changes are you making to your facilities acquisition budget, particularly to the plans that were proposed a few years ago to replace all of the non-secure embassies and consulates.

ANSWER: The Diplomatic Security Act of 1986 authorized approximately $2.1 billion for the construction of secure embassies and consulates. Since enactment, Congress has appropriated approximately $751 million for construction and related program support. The effects of inflation on the program resulting from project delays due to difficulties in obtaining sites, as well as the increased costs for changes in program and security requirements have reduced the number of projects which can be constructed with the current authorization.

The Department is taking steps to contain cost growth of the capital program by controlling changes to the construction program subsequent to completion of design. We are currently studying how to apply site specific security standards to ensure that our capital investment in building security features is commensurate with the security threat.

We have changed our budgeting procedures to request construction funds after a site has been identified and after the design effort has enabled an accurate cost estimate to be formulated. This will improve the timing and accuracy of our budget requests for construction funds.

We have changed our former practice of requesting full funding for all elements of a capital project in the first year of the program. Instead we will spread the cost of project support elements over several budget cycles and seek funds for furniture furnishings, security equipment, and project supervision in the years that these outlays are required. In the months following these appropriations hearings on the Fiscal Year 1991 budget, we will be working within the administration and with our Congressional oversight committees to implement multi-year contracting procedures. This initiative will enable the Department to start more projects within a fixed budget allowance by limiting the amount which is required to be obligated to the construction outlays for the current fiscal year. The use of phased budgeting for project support elements and multi-year contracting will forestall the accrual of large unobligated balances in the Foreign Buildings Account.

During the past year we have achieved a consensus with our Congressional oversight committees that we may charge the construction costs for new secure facilities to the existing Diplomatic Security Act Authorization. The rationale for this is that all new chancery and consulate office building construction undertaken by the Department will provide substantially more secure facilities. Approximately $1.1 Billion remains available for subsequent capital program appropriations within this existing authorization.

Asia Foundation

QUESTION: Your budget request includes $13,978,000 for The Asia Foundation, a slight increase of $78,000 above the FY 1990 amount. This request represents a change from previous budgets in which the Department proposed drastic cutbacks in the funding for The Asia Foundation. What are the reasons for the Department's support for funding The Asia Foundation?

ANSWER: The Department of State has high regard for The Asia Foundation, which it believes is making outstanding contributions to the advancement of our country's long-term foreign policy interests in Asia and the Pacific. The Foundation's objectives are to help build democratic institutions, strengthen support for human rights, contribute to the development of more open trading and investment systems and to further U.S.-Asian relations. These objectives are highly pertinent to the Department's current and long-range interests in Asia, especially given recent indications of new openness and movement towards more open and democratic systems in key areas of Asia.

We support The Asia Foundation's efforts to advance these interests because it has a long history in Asia and a proven track record. Its expert staff knows how to produce results in an efficient and cost-effective way. The Foundation minimizes the cost to the U.S. taxpayer by leveraging its annual General Grant to raise contributions from private sources. As a flexible, private organization, The Asia Foundation is able to carry out programs the U.S. government is simply unable to undertake.

For these reasons, the State Department is strongly supporting a $13,978,000 request for the Asia Foundation for FY1991. This support will ensure that the Foundation is able to continue its effective programs and take advantage of new opportunities arising from the changing political and economic climate in Asia and the South Pacific.

Moscow NOB

QUESTION: I understand that the overall budget figures include $270 million for construction costs of a new building in

Moscow. How did you arrive at that estimate, and when will this request be submitted to Congress?

ANSWER: The $270 million rebuilding cost estimate was included in the Department's FY-1991 budget request. A budget amendment containing further details of the request was recently transmitted to the Congress. The estimated total cost, by the way, includes not only construction expenses, but security expenses for the entire project are usually budgeted separately. The general contractor's costs were estimated by our expert outside consultants; the security, fitting and inflation costs were estimated internally.

QUESTION: Since the Committee disapproved the reprogramming for partial design of a new building in Moscow, are you going to submit a reprogramming request to do partial design work on all three options being considered for the building?

ANSWER: That possibility is under consideration at the moment.

QUESTION: In your statement, you say that maintenance expenses on the unused building are costing us over $1 million per month. What are we paying for to maintain that building?

ANSWER: That statement referred to maintenance and rebuilding inflation costs. Our latest calculations show that maintenance and operations are running at over $500,000 per month, and inflation in our rebuilding estimate is over $700,000 per month, for a total of over $1.2 million per month. The M&O figure includes salaries and housing expenses, minimum building maintenance, and the secure logistics pipeline, including the Moscow and Malmi warehouses. While used primarily now for renovation of the old building, the secure logistics system will revert to NOB accountability in July when the EOB project is finished. It is neither practical nor cost effective to stand down the system in the expected interval between EOB renovation and a start on NOB mobilization.

QUESTION: In your statement, you say that the unused building is unsuitable for most unclassified functions because of its layout and location. That is a new argument for tearing it down. Please explain.

ANSWER: The NOB is of course located prominently in the heart of the new embassy complex. Its location thus makes it unsuitable for unclassified public service activities that would bring numbers of non-Americans into the compound, given new physical security standards since the building was originally designed. Moreover, the changes underway in the Soviet Union mean physical security is no longer a negligible concern.

The NOB layout makes it very difficult to convert into adequate apartments. Code requirements call for a window in each occupied room: thus, apartments could only be laid out along the outer walls of the NOB, a very inefficient arrangement. A consultant did study the feasibility of small TDY units, which are possible. But more electricity would be necessary and the Soviets have said there is no spare capacity in the area. Moreover, our primary need is for family housing, not small TDY units, which can be put into the EOB later on.

Were we to carry out unclassified but sensitive functions in the penetrated building, such as personnel and B&F functions, they could be exploited to our detriment by hostile intelligence services. Therefore, that means that the only other acceptable use for the still unfinished NOB would be truly unclassified and non-sensitive, non-public service functions, which are simply too few to take up anything but a small fraction of the space available.

Any alternative use of the new building could not occur anyway until we had occupied new office facilities elsewhere: the terms of our earlier agreement with the Soviet call for simultaneous occupancy of new chanceries. Thus, we could not occupy the new building for any use without Soviet insistence on occupying Mt. Alto. And the latter is prohibited by policy and legislation enforcing simultaneous occupancy of new chanceries.

QUESTION: You also state that you would have to look elsewhere to build new secure facilities. Couldn't we build such facilities as an annex or separate building on the current compound?

ANSWER: An annex on the compound that would not destroy the functionality or architectural integrity of the complex would be too small to accommodate our current space needs.

Israel Relay Station

QUESTION: Given the extraordinary changes in Eastern Europe and the Soviet Union, is the Administration planning to review the need for the Israel Relay Station project which is funded under the Board for International Broadcasting, and if so, how much could be saved?

ANSWER: The dramatic opening of Eastern Europe and the Soviet Union requires a fresh look at all U.S. broadcasting activities. A National Security Review will be undertaken to examine the role of all U.S. Government radio and television broadcasting activities in the contest of U.S. foreign policy objectives in a changing world. Pending completion of this review, the Administration stands by its request in the President's FY 1991 budget.

QUESTION: Could the needs of Radio Free Europe/Radio Liberty and the Voice of America for additional transmitters be met by alternative means?

ANSWER: The interagency review of all U.S. broadcasting activities will consider questions such as this and we prefer to address this issue thoroughly in that forum before responding.

QUESTION SUBMITTED BY CONGRESSMAN EARLY

Machine Readable Visa (MRV) Program

QUESTION: The machine-readable visa program is essential for rapid efficient visa production. The Department of State has been appropriated $9 million since FY-89 for this program. What is the current status of this program. How many Foreign Service posts currently have a machine readable visa program? How many Foreign Service posts are in the process of preparing for implementation of the machine readable program?

ANSWER: The Machine Readable Visa (MRV) system is functioning at one post, our embassy in Santo Domingo, which is the test site for the program. Two posts -- Bogota and Mexico City -- have begun preparations for installation of MRV. Future deployment of the MRV program will be dependent upon the review of the MRV program which is nearing completion.

QUESTION: Last year you mentioned that worldwide machine-readable visa operations will commence in 1990 and will proceed as budget and training capabilities permit. However, the Administration is only requesting $4 million for the machine readable visa program in FY91. What type of impact will $4 million have on the worldwide implementation of this program and exactly how will these funds be used? Is every Foreign Service post scheduled to be outfitted with this program? What is the time frame for full implementation of this program? If we were to fully fund this program in FY91 for world-wide implementation, what would be the total cost and how long would it take?

ANSWER: The full review of the MRV program is underway to determine the best way to implement MRV. One option that appears feasible is to implement a MRV including the applicant's photograph at our 50 or so high risk posts and a "photoless" MRV at all other posts. We believe that a five year implementation plan is realistic. Under this scenario, the program expenses in FY91 would be $6.4 million. Of that, $4 million would come from the FY91 base funds and $2.4 million would come from FY90 funds, provided Section 614 can be repealed. It then would be our intent to complete a full, world-wide implementation in FY92 through FY95. Under this plan, the majority of Foreign Service posts would be fitted with the program. It is not clear that it is cost effective to place the MRV system at posts that issue only a few hundred visas a year. It should also be pointed out that the MRV requires more labor, and that preliminary estimates are that world-wide implementation of MRV may require additional workyears when in full operation.

QUESTION: What type of cooperation has there been between INS, Customs and the Department of State in regards to machine readable visas? Has there been any combined effort among the agencies to improve the capabilities of the machine readable visa at ports of entry? How have these other agencies contributed to the implementation of this program?

ANSWER: Development of the MRV has been a joint effort between State and INS with Customs input. While State produces the visas overseas, INS must read them at U.S. ports of entry. All three agencies worked together regarding what information should be captured on the MRV, the layout of both visual and machine readable zones and the security elements. At INS request, State included additional data fields which the program's design had not captured previously. Installation schedules also are coordinated jointly. For example, Santo Domingo was chosen as a pilot site in part because it coincided with INS plans to install MRV readers in Miami and San Juan. Several problems have been identified because of the Santo Domingo pilot which we are working with INS and Customs to correct.

MRV is often discussed at IBIS (Interagency Border Inspection System) meetings attended by INS, Customs and State. In addition, State Department personnel routinely meet with INS personnel in Miami when returning from work at the Santo Domingo test site. During these meetings, our personnel answer questions and explain various features of the visa to INS inspectors.

Department of State Telecommunications Network (DOSTN)

QUESTION: After it is fully implemented DOSTN will provide, under a single procurement action, all of the engineering, integration, installation, operations and maintenance for a major upgrade of the State's telecommunications network. What is the current status of this program?

ANSWER: The DOSTN acquisition has reached the pre-negotiation stage with the completion of the initial phase of the evaluation of proposals.

Offerors have provided technical clarifications of their proposals. Review and evaluation of these clarifications is ongoing. Contract award is projected to occur during the summer of 1990.

QUESTION: The administration is requesting $30.248 million for FY-91. How will these funds be used?

ANSWER: The total FY-91 requirement of $30.248 million, including a base of $15 million from FY-90 and a requested increase of $15.248 million, will support the activation of another 47 sites, and permit the initiation of site activity at another 64 posts. Funds will be used to obtain: telecommunications equipment, site engineering, communications security equipment, facility work, network and management control software, operations and maintenance, contractor support, circuits, personnel and personnel support.

QUESTION: What amount did the Department request from OMB for DOSTN?

ANSWER: DOSTN is a priority program for the Department to satisfy its goal to use new technology in communications and information management. As a result, the Office of Management and Budget (OMB) fully supports the DOSTN program. Due to close coordination between the Department and OMB, the original funding level of $30.248 million requested by the Department for DOSTN was incorporated into the President's FY-91 budget.

QUESTION: How would these additional funds been used?

ANSWER: As indicated, the Department's FY-91 DOSTN budget request was fully supported by OMB and so the question of "additional funds" does not apply.

QUESTION: The Department estimates that the total estimated DOSTN implementation cost will be $353,400,000 over a six-year period. Does this amount include cost for DOSTN in the renovation of Columbia Plaza and the Main State building, or will the cost of DOSTN in these two buildings be included in the renovation cost?

ANSWER: The DOSTN Program and the renovation of Columbia Plaza are unrelated projects. The Columbia Plaza facility, once it is vacated by the Equal Opportunity Employment Commission (EEOC) and the Bureau of Mines, will be used as "swing" space during the proposed ten-year renovation of the Main State building. After renovation, the Department will consolidate at Columbia Plaza the personnel and activities currently located at ten annexes.

Eastern Europe

QUESTION: What impact will the recent changes in Eastern Europe have on Department operations?

ANSWER: The State Department has determined that it is necessary to devote more resources to our Eastern European missions in order to take advantage of the new opportunities and meet new requirements presented by changes there. The senior management of the Department has determined that the Bureau of European and Canadian Affairs should find the initial resources needed for Eastern Europe from within. This will mean that modifications will have to be made in operations in Western Europe and economies found elsewhere as well. Certain one-time investments required in Eastern Europe which the European Bureau cannot make will have to be funded from other sources.

QUESTION: Does the State Department foresee any changes in its Diplomatic Security Programs?

ANSWER: The Department and the Bureau of Diplomatic Security are looking closely at the changes transpiring in Eastern Europe and have devised a mechanism to adjust programs to the changing security environment. As part of an overall effort to tie resources to the seriousness of the threat, we are currently refining our security standards to accurately reflect the requirements of a specific type and level of threat. We have also refined our threat assessment criteria, and are requesting interagency and post input before finalizing those criteria.

In Eastern Europe, we have traditionally worried about technical and human intelligence threats. Threat levels for criminal and terrorist activity range from medium to low. With open borders proposed for Western Europe and loosening controls in former Communist countries, the potential increases for criminal and terrorist problems. Threat levels are assessed and standards are designed to address such eventualities. Allocation of scarce resources will remain a continuing problem.

Human Intelligence Threat: For the near future, we foresee no changes in programs designed to protect against human penetrations. As Eastern European countries focus more closely on national interests and develop warmer relations with the United States, we expect a change in the character of the human intelligence threat. Heavy-handed techniques of old will be replaced by more subtle approaches which in turn will require us to focus more on counterintelligence awareness. Our efforts will depend on bilateral relationships which will vary from country to country.

Technical Threat: Technical security analysts will work closely with the intelligence community to monitor change and to assess any fluctuations in the technical threat. Appropriate adjustments will be made to threat levels at posts and subsequent levels of protection, where warranted.

Although the question has been raised concerning continuation of the Core Chancery Program in light of recent events, it would be premature to consider changes in the immediate future.

To date the local guard program is unaffected by current events in Eastern Europe. The cost and size of local guard programs in bloc countries are relatively small, but costs may increase as local currencies are tied to free market currencies. Further, additional guards may be required if the levels of criminal or terrorist activities rises.

QUESTION: Is the State Department planning on opening any new consulates?

ANSWER: At the present time the Department of State is proceeding with plans to open consulates in Bratislava, Czechoslovakia; Leipzig, East Germany; and Kiev, USSR.

Consideration also is being given to establishing additional small consulates in the USSR as decentralization of political and economic authority proceeds there.

QUESTION: What criteria will be used to decide where the new consulates will be located?

ANSWER: In deciding where new consulates should be located, the Department considers several factors. These include the benefits to be gained by establishing an American presence, the political and economic significance of the region, the quantity and quality of reporting that could be produced, the degree of cultural and ethnic ties to the United States that the region possesses, and the potential for trade expansion.

QUESTION: Where will the money come from to pay for new consulates, and will the opening of new consulates mean the closing of other less high profile consulates?

ANSWER; Our plan is to fund our new requirements in Eastern Europe largely from resources already allocated to the Bureau of European and Canadian Affairs. Although we will rely heavily on reprogramming, overall budget constraints will make this extremely difficult. There will also be significant one-time investments required that will have to come from other sources (e.g., buildings and security installations) that we have not yet identified. As part of this process, the Department is considering shifting resources from lower priority activities and posts -- including consulates in Western Europe. We cannot rule out, however, the possibility that additional funding will be required.

QUESTION: What criteria will be used to determine what consulates will be closed?

ANSWER: The Bureau of European and Canadian Affairs has drawn up a carefully constructed contingency plan in the event a decision is made to close any constituent posts. The plan takes into account all identifiable factors affecting U.S. interests in the regions covered by these posts. Among the many criteria covered by our analysis are political and economic reporting, the symbolism of the U.S. presence, consular workload, American commercial and financial involvement, and any U.S. military presence.

QUESTIONS SUBMITTED BY CONGRESSMAN CARR

Middle East Issues

QUESTION: Last week, Mr. Secretary, your comments about Middle East issues, from the PLO to foreign aid to the resettlement of Soviet Jews, sent shock waves through Israel. I'd like to go over some of the issues you raised.

On the peace process, could you give us an assessment of the current status? Last week you said you had done pretty much all you could. Then you proceeded to publicly blast Israel on several critical issues. That message to Israel was an unnecessarily stern one, particularly at this critical moment in the peace process. One of your predecessors, Dr. Henry Kissinger, himself a veteran of Middle East diplomacy, summed up the sensitivities of pursuing Middle East peace as follows:

The readiness to run risks for peace was bound to be greater in America than in Israel. And these risks involved America only indirectly; for Israel they were issues of survival. America could afford experiments; for Israel a single miscalculation could spell catastrophe.

Given the tremendous pressures Prime Minister Shamir faces from his own party about the peace process, doesn't it hurt the cause of peace to publicly criticize Israel just at a time when Shamir has to face down his right wing critics on these issues?

ANSWER: We have not criticized the Government of Israel for its policies on the peace process. The U.S. has steadfastly avoided any involvement in Israel's domestic politics, focussing instead on our hope that the Israeli government will respond to the peace process in a manner that will permit it to go forward. Regardless of how the Israeli government situation works out, we will continue to consult closely with Israel on the peace process.

At present the peace process is in a temporary pause, as we await efforts in Israel to form a new government following the March 15 vote of no-confidence by the Knesset. Our five-point proposal, which is based upon the May 14, 1989 initiative of the Israeli government, remains on the table. We believe that it provides a framework for launching a realistic peace process, and we are prepared to assist Israel, Egypt, and the Palestinians toward dialogue as soon as circumstances permit.

QUESTION: Could you clarify the Administration's policy on Jerusalem?

ANSWER: Our policy toward Jerusalem remains unchanged. The United States supports a united Jerusalem whose final status will be determined by negotiations.

We are very aware of the great significance which Jerusalem has for the Jewish people as well as for people of all religions. Clearly, Jews and others can live where they want, East or West, and the city must remain undivided. We did not approve of the status quo before 1967; in no way do we advocate or will we support a return to it now.

The final status of this most special of cities should be decided through negotiations. Such negotiations would be facilitated if we were well along on the path to peace; accordingly, we do not intend now to focus on the final status of Jerusalem.

It has been our view since 1967 that all sides should be taking steps to get to negotiations and avoiding steps which could prejudice the prospects for these negotiations.

The pursuit of peace should take priority, for only with peace can Jerusalem truly be open and whole.

QUESTION: What precisely is the U.S. doing to implement the direct flight agreement between Aeroflot and El Al? What alternative means to direct flights are you pursuing -- trains, or other points for indirect flights, like Warsaw or Belgrade? Do you think the Soviets should receive Most Favored Nation status if they continue to interfere with "the opportunity" to emigrate? After all, Jackson-Vanik specifies that the Soviet Union must allow "the right and the opportunity to emigrate." Does the Soviet Union understand that this issue, if not resolved, will have an impact on Congressional deliberations over the waiver of the Jackson-Vanik amendment for the Soviet Union?

ANSWER: The United States strongly favors the implementation of direct flights between the Soviet Union and Israel. We were dismayed by the Soviet decision not to implement the agreement. We have made our position known quite clearly to the Soviets. In fact, I raised the issue with Foreign Minister Shevardnadze in Moscow in February.

We understand that the Israelis are investigating the use of other routes and methods of transportation. Trains are already being used.

The issue of Moscow-Tel Aviv flights is not a subject of discussion at our ongoing trade negotiations with the Soviets, but they are well aware of our concerns on this issue.

We are not prepared to seek a waiver of Jackson-Vanik until the Soviets pass and faithfully implement their new emigration law. The law is not yet in force. When we look at the implementation issue, we will take into consideration all aspects, including the practical application of the law.

The Soviet Union is well aware of the importance the U.S. attaches to the issue of free emigration and the timely movement of Soviet Jewish emigrants to Israel.

QUESTION: When the U.S. opened a dialogue with the PLO, the Administration promised that Arafat and the PLO would be held firmly to their promises. Israel asserts that there have been more than a dozen terrorist incursions since the dialogue began; dozens of terrorist cells connnected to Fatah have been uncovered in the last 14 months. Fatah was directly implicated in an attempted terrorist act against Israel from the Sinai desert in December, 1989. PBS, in a television special on Arafat last week, indicated that Arafat personally approves everything that takes place within his organization, including even the purchase of desks.

On what basis can you give Arafat the "straight A report card" you issued to him last week? Will you lay out your evaluation and the criteria on which you base them in the report the State Department will issue later this month in accordance with the PLO Commitments Compliance Act? Do you expect there to be an upgrading of the U.S./PLO dialogue in the near future?

ANSWER: In 1988, the PLO changed its position and accepted the three conditions for dialogue with the U.S.: renunciation of terrorism, recognition of Israel's right to exist and acceptance of U.N. Security Council resolutions 242 and 338 as the basis of negotiations for comprehensive settlement. It was and remains our intention to hold the PLO to the commitments it undertook in December 1988. It is in the best interests of the United States that the PLO abide by its December statements, thus permitting the dialogue to continue to be conducted through our Ambassador in Tunis.

We do not view the dialogue with the PLO as an end in itself. Rather, it is a means to move the PLO to give practical application to the commitments it undertook in December 1988, including its renunciation of terrorism. We have used our dialogue to see if the PLO was willing to go along with a realistic approach to peace.

The PLO Commitments Compliance Act (PLOCCA), included in the State Department Authorization bill as Title VIII of Public Law 101-246 of the Foreign Relations Authorization Act, was signed into law on February 16, 1990. The PLOCCA requires that the Administration submit to Congress three reports under Section 804 of the Act. These reports were forwarded to the Speaker of the House and the Chairman of the Senate Foreign Relations Committee on March 19, 1990.

We have not given the PLO a "straight A report card," as your question suggests. The reports note that it is the Administration's position that the PLO has adhered to its 1988 commitments, but the reports make it clear we are disappointed with deficiencies in the PLO's statements and actions in several respects. The PLO can clearly do more to distance or disassociate itself from activities and statements undertaken by groups that are within its organization, but which operate independently of Arafat's control. We raise these issues in our dialogue with the PLO

In general, the report on PLO compliance is the result of an intensive inter-agency review process which included an evaluation of diplomatic and intelligence reporting and analysis. The Administration's conclusions, as well as the reasons for them, are laid out in this report.

QUESTION: Last week you announced that the Administration could support a cut in aid to Israel, albeit in the context of an across the board cut. What kind of message do you send to Israel, and its Arab enemies, when you suggest a cut at such a sensitive time in the peace process? What changes have occurred in the Middle East which would warrant a cut in aid to Israel now? Given the alarming Arab military build up in recent years, and the declining value of U.S. aid, aren't you concerned about Israel continuing to maintain its qualitative military edge?

ANSWER: I am not suggesting a cut in aid to Israel. My references to "shaving" earmarks should in no way be construed as targeting any particular country. Although we clearly must find a way to meet other pressing requirements, shaving earmarks is not an option of first resort. The U.S. remains committed to the preservation of Israel's security. Our FY91 aid request for Israel is the same as for FY90, i.e. $3 billion.

Visa Applications

QUESTION: Many of us have been concerned over the delay of the issuance of visitor's visas to the U.S. I do understand that due to remarkable changes overseas, many more people are coming to our shores.

What is the staffing level of the visa offices at the State Department? How have the changes in Eastern Europe/Soviet Union affected the work at the visa office at State? How many more people would be needed so that no delays exist in obtaining a visa?

ANSWER: There are eight professional and four clerical employees of the Coordination Division in the Visa Office. This division is the Department's coordination focal point for visa matters involving political or security issues. It processes Soviet, Eastern European and Chinese cases which are subject to clearance procedures.

There are presently 44 consular officers and 75 local employees in our Embassies and Consulates in Eastern Europe, including the Soviet Union. The eleven consular officers in the Soviet Union are assisted by 8 American citizen contractors and by part-time employees.

More liberalized travel policies in the Soviet Union/Eastern Europe have resulted in a dramatic increase in the number of travelers from these countries (NIV issuance figures for FY87, 88, and 89 attached). East Bloc country nationals are subject to clearance procedures established to protect U.S. internal security. While these procedures have undergone streamlining, travel delays can still result when a case requires processing by Washington agencies.

Depending on the type of travel involved, clearances can involve several Washington agencies. The majority of U.S. government agencies are attempting to handle the burgeoning Soviet/Eastern European workload with the same levels of resources available during the days of modest visa demand.

The State Department's Visa Office has used temporary help to handle the ever growing Soviet/Eastern European workload. An internal switching of resources is also planned. Should current travel trends continue, VO estimates it may need additional positions to provide an adequate level of service.

The Department is partially addressing consular staffing levels in Eastern Europe through the reprogramming of consular positions from Visa Waiver posts in Western Europe. We will continue to monitor the situation in the region to evaluate the need for future staffing increments.

BACKGROUND

Liberalized travel policies in the Soviet Union and Eastern Europe have resulted in an unprecedented growth in the number of visitors from this region. Some of the travel delays now occurring are the natural result of the sheer number of people seeking visas. These travelers are all subject to clearance procedures established some forty years ago by an interagency working group tasked with protecting U.S. internal security. While many of these procedures have recently been streamlined, they still can result in travel delays.

Certain types of visa applications by Soviet Bloc country nationals must be referred to the Department and other interested Washington agencies for review before a visa can be issued. This includes cases involving possible transfer of controlled technology or other possible security threats. All such cases require clearances by offices within and outside the Department before a visa can be authorized.

The number of such cases handled by the Visa Office has approximately tripled during the past three fiscal years (from an estimated 6,700 cases in FY 86 to 21,800 cases in FY 89). The Visa Office has hired temporary assistance to help cope with this increase and plans a realignment of resources to assist with the growing workload. If the current travel trends continue, the Visa Office will need a more permanent solution through the addition of one Visa Examiner and two secretarial positions.

SALARIES and EXPENSES
ACTIVITY REPORT
1991 REQUEST

	POSITIONS				FUNDS (dollars in thousands) Bureau Managed Funds				
Program Activities	American Domestic	American Overseas	FSN	Total	FSN Pay	Op Exps	S.Total	Centrally Managed	Total
Executive Direction and Policy Formulation									
Executive Direction	612	719	187	1,518	$4,569	$31,955	$36,524	$81,847	$118,371
Public Affairs	170	—	—	170	—	3,209	3,209	8,493	11,702
Congressional Relations	52	—	—	52	—	414	414	2,185	2,599
SUB-TOTAL Executive Direction and Policy Formulation	834	719	187	1,740	4,569	35,578	40,147	92,525	132,672
Conduct of Diplomatic Relations									
Protocol Activities	54	—	—	54	—	2,042	2,042	2,399	4,441
Legal Affairs	152	—	—	152	—	1,503	1,503	9,430	10,933
Diplomatic Reporting Operations	1,484	1,209	606	3,299	15,987	50,438	66,425	164,716	231,141
Functional and Regional Programs	—	—	—	—	—	3,002	3,002	—	3,002
SUB-TOTAL Conduct of Diplomatic Relations	1,690	1,209	606	3,505	15,987	56,985	72,972	176,545	249,517
Conduct of Consular Relations									
Overseas Consular Relations	196	741	2,073	3,010	60,792	41,205	101,997	59,407	161,404
Passport Issuance & Services (Domestic)	704	—	—	704	—	18,711	18,711	19,118	37,829
Moscow Processing	—	—	—	—	—	6,595	6,595	—	6,595
SUB-TOTAL Conduct of Consular Relations	900	741	2,073	3,714	60,792	66,511	127,303	78,525	205,828
Professional Training and Development									
National Foreign Affairs Training Center	—	—	—	—	—	14,000	14,000	—	14,000
Professional Studies	86	—	—	86	—	3,668	3,668	4,479	8,147
Professional Development	11	—	—	11	—	468	468	753	1,221
Language Studies	210	25	5	240	269	5,351	5,620	15,823	21,443
Area Studies	14	—	—	14	—	610	610	673	1,283

It is important to remember that the processing of these cases involves agencies other than the State Department. The majority of these agencies are having to handle the workload increase with the same number of resources available during the days of modest visa demand.

The unanticipated surge in consular workload has placed enormous strains on personnel resources in our Embassies and Consulates in the region. The Department is partially addressing this problem through the reprogramming of additional consular positions from visa waiver posts in Western Europe. Twelve new consular positions were recently reallocated from other posts to Eastern Europe to handle the burgeoning volume of visa applicants. Last year three additional officer positions were reallocated from other posts to our Embassy in Moscow. The Department is monitoring the situation closely to evaluate the need for future staffing increments.

Staffing problems remain critical, however. Recruiting consular officers to fill these positions and providing the requisite language skills entails long delays before the new positions can be filled. Eastern European posts are finding it difficult to retain and recruit qualified personnel as salary levels for FSNs in Eastern Europe cannot keep up with inflation, and pay scales are no longer competitive when compared to those of private Western businesses starting to proliferate in these countries. There are no Foreign Service national employees in the Soviet Union. All permanent clerical positions there are filled by American citizens on contract.

Attachments:
  Statistics: NIVs Issued to Bloc Country Nationals

NONIMMIGRANT VISAS ISSUED TO BLOC COUNTRY NATIONALS
FISCAL YEAR 1989
(OCTOBER 1, 1988 THRU SEPTEMBER 30, 1989)

VISA CLASS	DEFINITION	ALB	BULG	CZEC	EST	GDR	HUNG	LATV	LITH	POL	ROM	USSR	YUGO
B-1	Temporary visitor for business	-	795	1,146	99	821	3,127	13	7	6,738	574	12,910	613
B-2	Temporary visitor for pleasure	12	2,166	10,963	936	3,861	17,574	1,506	1,335	65,609	4,987	37,828	22,480
B-1/B-2	Temporary visitor for business and pleasure	2	90	837	9	146	586	7	12	1,869	269	349	6,621
TOTAL B		14	3,051	12,946	1,044	4,828	21,287	1,526	1,354	74,216	5,830	51,087	29,714
F-1	An applicant seeking entry temporarily and solely for the purpose of pursuing a full course of study at an institution approved by INS on behalf of the Attorney General	-	28	27	2	6	262	2	-	506	22	56	690
F-2	Spouse or child accompanying an F-1	-	4	6	1	-	22	-	-	45	1	5	62
TOTAL F		-	32	33	3	6	284	2	-	551	23	61	752
H-1	A temporary worker who is of distinguished merit and ability	-	129	261	-	222	285	-	-	1,243	58	2,256	403
H-2	Applicant to perform temporary services or labor, if unemployed persons capable of performing such service or labor cannot be found in this country (Petition filed prior to June 1, 1987).	-	-	-	-	-	-	-	-	-	-	-	-

NONIMMIGRANT VISAS ISSUED TO BLOC COUNTRY NATIONALS
FISCAL YEAR 1989
(OCTOBER 1, 1988 THRU SEPTEMBER 30, 1989)

VISA CLASS	DEFINITION	ALB	BULG	CZEC	EST	GDR	HUNG	LATV	LITH	POL	ROM	USSR	YUGO
H-2A	Temporary worker performing agricultural services unavailable in the U.S. (Petition filed on or after June 1, 1987).	-	-	-	-	-	-	-	-	16	-	4	-
H-2B	Temporary worker performing other services unavailable in the U.S. (Petition filed on or after June 1, 1987).	-	-	1	-	-	2	-	-	89	2	87	74
H-3	Applicant coming as a trainee	-	-	-	-	1	14	-	-	21	-	-	14
H-4	Accompanying spouse and/or child	-	18	28	-	-	142	-	-	325	12	41	91
TOTAL H		-	147	290	-	223	443	-	-	1,694	72	2,388	562
I	Representative of foreign press, radio, file or other information media	-	20	31	-	17	77	1	-	57	1	348	134
J-1	An applicant who has been accepted to participate in an exchange visitor program designed by USIA	-	161	299	8	170	1,134	11	1	940	26	1,030	893
J-2	Accompanying spouse or child	-	73	131	5	12	560	-	-	859	9	64	324
TOTAL J		-	234	430	13	182	1,694	11	1	1,799	35	1,094	1,217

NONIMMIGRANT VISAS ISSUED TO BLOC COUNTRY NATIONALS
FISCAL YEAR 1989
(OCTOBER 1, 1988 THRU SEPTEMBER 30, 1989)

VISA CLASS	DEFINITION	ALB	BULG	CZEC	EST	GDR	HUNG	LATV	LITH	POL	ROM	USSR	YUGO
L-1	Intra-company transferree	-	3	22	-	4	37	-	-	71	8	75	6
L-2	Accompanying spouse or child	-	7	42	-	11	68	-	-	74	6	91	8
TOTAL L		-	10	64	-	15	105	-	-	145	14	166	14

NONIMMIGRANT VISAS ISSUED TO BLOC COUNTRY NATIONALS

FISCAL YEAR 1988

VISA CLASS	DEFINITION	ALB	BULG	CZEC	EST	GDR	HUNG	LATV	LITH	POL	ROM	USSR	YUG
B-1	Temporary visitors for business	-	892	820	-	811	2,699	-	1	5,827	509	5,829	45
B-2	Temporary visitor for pleasurel	5	623	8,258	367	3,964	16,166	128	45	50,245	5,316	21,512	24,23
B-1/B-2	Temporary visitor for business and pleasure	7	93	704	4	327	559	6	13	2,146	342	251	6,15
F-1	An applicant seeking entry temporarily and solely for the purpose of pursuing a full course of study at an institution approved by INS on behalf of the Attorney General	-	23	18	-	7	133	-	-	331	8	9	59
F-2	Spouse or child accompanying an F-1	-	2	3	-	1	9	-	-	31	6	2	7
TOTAL F		-	25	21	-	8	142	-	-	362	14	11	66
H-1	A temporary worker who is of distinguished merit and ability	-	52	95	-	330	238	-	-	617	71	1,126	42
H-2	Applicant to perform temporary services or labor, if unemployed persons capable of performing such service or labor cannot be found in this country	-	-	2	-	-	5	-	-	43	1	9	4

NONIMMIGRANT VISAS ISSUED TO BLOC COUNTRY NATIONALS

FISCAL YEAR 1988

VISA CLASS	DEFINITION	ALB	BULG	CZEC	EST	GDR	HUNG	LATV	LITH	POL	ROM	USSR	YUGO
B-1	Temporary visitors for business	-	892	820	-	811	2,699	-	1	5,827	589	5,629	458
B-2	Temporary visitor for pleasurel	5	623	8,258	367	3,964	16,166	128	45	50,245	5,316	21,512	24,231
B-1/B-2	Temporary visitor for business and pleasure	7	93	704	4	327	559	6	13	2,146	342	251	6,153
F-1	An applicant seeking entry temporarily and solely for the purpose of pursuing a full course of study at an institution approved by INS on behalf of the Attorney General	-	23	18	-	7	133	-	-	331	8	9	590
F-2	Spouse or child accompanying an F-1	-	2	3	-	1	9	-	-	31	6	2	71
TOTAL F		-	25	21	-	8	142	-	-	362	14	11	661
H-1	A temporary worker who is of distinguished merit and ability	-	52	95	-	330	238	-	-	617	71	1,126	420
H-2	Applicant to perform temporary services or labor, if unemployed persons capable of performing such service or labor cannot be found in this country	-	-	2	-	-	5	-	-	43	1	9	42

NONIMMIGRANT VISAS ISSUED TO BLOC COUNTRY NATIONALS

FISCAL YEAR 1988

VISA CLASS	DEFINITION	ALB	BULG	CZEC	EST	GDR	HUNG	LATV	LITH	POL	ROM	USSR	YUGO
H-3	Applicant coming as a trainee	-	2	-	-	1	4	-	-	8	-	-	6
H-4	Accompanying spouse and/ or child	-	14	15	-	3	113	-	-	324	11	6	90
TOTAL H		-	68	112	-	334	360	-	-	992	83	1,141	558
I	Representative of foreign press, radio, film or other information media	-	36	19	-	37	78	-	-	33	2	226	97
J-1	An applicant who has been accepted to participate in an exchange visitor program designed by USIA	-	133	224	-	142	920	-	-	838	38	637	805
J-2	Accompanying spouse or child	-	58	59	-	11	528	-	-	694	4	14	338
TOTAL J		-	191	283	-	153	1,448	-	-	1,532	42	651	1,143
L-1	Intra-company transferree	-	3	15	-	6	29	-	-	59	7	63	7
L-2	Accompanying spouse or child	-	4	28	-	7	51	-	-	92	5	75	9
TOTAL L		-	7	43	-	13	80	-	-	150	12	138	16

NONIMMIGRANT VISAS ISSUED TO BLOC COUNTRY NATIONALS

FISCAL YEAR 1987

VISA CLASS	DEFINITION	ALB	BULG	CZEC	EST	GDR	HUNG	LATV	LITH	POL	ROM	USSR	YUGO
B-1	Temporary visitors for business	-	426	698	-	594	2,453	-	-	2,119	675	2,602	470
B-2	Temporary visitor for pleasurel	1	836	6,421	82	2,695	12,794	13	5	47,470	4,013	5,479	21,025
B-1/B-2	Temporary visitor for business and pleasure	7	115	558	3	436	555	4	9	4,171	306	146	5,843
F-1	An applicant seeking entry temporarily and solely for the purpose of pursuing a full course of study at an institution approved by INS on behalf of the Attorney General	-	15	7	1	4	92	-	-	110	6	4	470
F-2	Spouse or child accompanying an F-1	-	-	-	-	-	6	-	-	27	-	4	68
TOTAL F		-	15	7	1	4	98	-	-	137	6	8	538
H-1	A temporary worker who is of distinguished merit and ability	-	34	242	-	224	293	-	-	589	65	728	195
H-2	Applicant to perform temporary services or labor, if unemployed persons capable of performing such service or labor cannot be found in this country	-	2	-	-	-	8	-	-	12	-	1	57

NONIMMIGRANT VISAS ISSUED TO BLOC COUNTRY NATIONALS

FISCAL YEAR 1987

VISA CLASS	DEFINITION	ALB	BULG	CZEC	EST	GDR	HUNG	LATV	LITH	POL	ROM	USSR	YUGO
H-3	Applicant coming as a trainee	-	-	-	-	-	2	-	-	8	-	-	11
H-4	Accompanying spouse and/ or child	-	2	16	-	2	69	-	-	70	5	5	96
TOTAL H		-	38	258	-	226	372	-	-	679	70	734	359
I	Representative of foreign press, radio, film or other information media	-	15	7	-	15	58	-	-	71	1	111	86
J-1	An applicant who has been accepted to participate in an exchange visitor program designed by USIA	-	79	163	-	100	786	-	-	544	42	293	723
J-2	Accompanying spouse or child	-	36	41	-	3	412	-	-	619	1	14	300
TOTAL J		-	115	204	-	103	1,198	-	-	6,063	43	307	1,023
L-1	Intra-company transferree	-	4	21	-	10	21	-	-	49	8	49	11
L-2	Accompanying spouse or child	-	3	35	-	14	29	-	-	83	4	52	5
TOTAL L		-	7	56	-	24	49	-	-	132	12	101	16

NONIMMIGRANT VISAS ISSUED TO APPLICANTS FROM THE SOVIET UNION UNDER THE SPLEX*, BUSVIS**, AND PRIVATE VISITOR*** PROVISIONS

FISCAL YEARS 1975 to 1987

VISA CLASS	DEFINITION	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	TQ	1976
B-1	Temporary visitors for business	2,602	1,774	1,190	1,169	2,070	1,660	1,634	1,728	3,948	3,942	2,152	1,024	3,743
B-2	Temporary visitor for pleasure	5,479	2,999	2,154	1,743	2,350	2,570	2,342	4,077	4,477	3,757	1,785	846	2,356
B-1/B-2	Temporary visitor for business and pleasure	146	148	62	49	48	70	37	13	18	23	293	4	10
F-1	An applicant seeking entry temporarily and solely for the purpose of pursuing a full course of study at an institution approved by INS on behalf of the Attorney General	4	5	8	6	12	5	2						
F-2	Spouse or child accompanying an F-1	4	3	4	4	2	1	3						
TOTAL F		8	8	10	14	6	5	6	0	8	13	4	6	[illegible]
H-1	A temporary worker who is of distinguished merit and ability	728	538	14	10	11	39	40						
H-2	Applicant to perform temporary services or labor, if unemployed persons capable of performing such service or labor cannot be found in this country	1	0	1	0	0	0	0						

NONIMMIGRANT VISAS ISSUED TO APPLICANTS FROM THE SOVIET UNION UNDER THE

FISCAL YEARS 1975 to 1986

VISA CLASS	DEFINITION	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	TQ	1976
H-3	Applicant coming as a trainee	0	1	0	0	0	0	1						
H-4	Accompanying spouse and/ or child	5	7	5	0	2	3	0						
TOTAL H		734	546	20	10	13	42	41	52	849	68	206	11	473
I	Representative of foreign press, radio, film or other information media	111	153	16	34	32	36	37	177	112	101	98	29	163
J-1	An applicant who has been accepted to participate in an exchange visitor program designed by USIA	293	328	104	93	128	145	175						
J-2	Accompanying spouse or child	14	10	62	5	32	38	5						
TOTAL J		307	338	166	98	160	183	180	234	275	176	106	80	191
L-1	Intra-company transferree	49	65	14	9	30	23	21						
L-2	Accompanying spouse or child	52	95	21	22	17	33	25						
TOTAL L		101	160	35	31	47	56	46	144	160	109	88	29	59

A small number of the above total were issued by third country posts to Soviet nationals who, although they continued to retain their Soviet passports, no longer reside in the Soviet Union, e.g., Soviet nationals married to third country nationals.

Sea Lamprey Program

QUESTION: As a Member of Congress from the Great Lakes, the Sea Lamprey problem has greatly affected our lakes. Last year, this Committee provided funds for the eradication of the Sea Lamprey. That fight is not over.

I see that funds were not included in the International Fisheries Commission for further eradication of the Sea Lamprey. Did the State Department or OMB cut these funds?

ANSWER: Last year, the Administration requested $5.2 million for the Great Lakes Fishery Commission. That total included approximately $1.1 million for the purchase of lampricide to aid the Commission's program of lamprey eel eradication in the Great Lakes. Congress added $1.3 million for the purchase of lampricide to the Administration's request.

Our FY 1991 request of $5.2 million for the Great Lakes Fishery Commission includes approximately $1.1 million for the purchase of lampricide. Because of budget constraints, our request does not include the extra funding for lampricide that was included in the FY 1990 appropriation.

Istanbul Consulate

QUESTION: What is the status of the Consulate in Istanbul? Have you purchased any land for construction of a new office building? Where is the proposed new site? I understand that the new proposed site is almost 30 miles away -- certainly out of the downtown business area. What are the advantages of a new site? What criteria were used in choosing the site? How far is the new site from the current one? Was any consideration given to the program needs of other agencies located at the present site? I understand that there have been some incidents of terrorism against our Consulate but that security measures were taken. The Consulate is also located in an historic building. Is this building structurally sound? Can't FBO sell off a portion of the property, leaving the historic building and a secure perimeter? Isn't this what our Committee directed in last year's bill?

ANSWER: The site for the new Istanbul Consulate was selected and a price of $6 million negotiated with the landowner in 1988. However, the Directorate of Foundations in Istanbul, which oversees this transaction, determined that the prior sales agreement was improper and an open auction was required. FBO is working with local authorities to finalize a change in zoning and to set a date for the auction. Meanwhile, design of the Consulate building has progressed through the schematic design phase.

The new Consulate site is located approximately seven miles northeast of the current Consulate and is situated in a growth area where significant office and light industrial construction is occurring. New developments have been steadily migrating north and east along the Bosphorus in conjunction with the completion of a major highway bypassing the city center. Staff housing including the Marine Guard residence are located very close to the new site.

Site selection procedures as developed by the National Academy of Sciences were used to select the new Consulate site. Several factors were evaluated by a multi-discipline selection team before a final recommendation was made. The four major areas of consideration were site developability, site security, communications operations and acquisition and development costs The program and operational needs of all tenant agencies are critical factors in evaluating project sites. The best available site often lacks desirable features and compromises are made to minimize adverse impacts on operations.

The existing Consulate is located in the historic Palazzo Corpi building which is 160 years old. A recent request by USIA to remain in the existing Consulate was denied by the Bureau of Diplomatic Security because this building is not structurally capable of being modified to meet current security criteria and the threat of terrorist attack continues to grow. The Department expects to realize over $30 million in the sale of this property. Since the Palazzo Corpi is on the Turkish historic register, any future owner will be required to maintain its appearance and condition for posterity.

The Department feels it would not be prudent to sell a portion of the property and retain the historic building, since this would further exacerbate the unsatisfactory security conditions by reducing the perimeter setbacks and producing another public building which overlooks our compound. Relocation to the new site will provide a secure work place for US employees and improve the ability of our Consulate General to operate in this challenging and occasionally threatening environment.

QUESTIONS SUBMITTED BY CONGRESSMAN CONTE

Emigration Concerns

QUESTION: Mr. Secretary, I am concerned about the bottleneck which has developed in connection with transporting Soviet Jews from the Soviet Union to Israel. What is the U.S. doing to encourage the implementation of the direct flight agreement between Aeroflot and El Al?

Are you pursuing alternative means of transportation, trains or additional points for indirect flights, such as Warsaw or Belgrade?

Are you or other U.S. negotiators raising this issue with the Soviet Union in trade negotiations?

Do you think the Soviet Union should receive most favored nation status if they continue to interfere with the opportunity to emigrate? (Jackson-Vanik specifies that they must allow "the right and the opportunity to emigrate".)

Does the Soviet Union understand that this issue, if not resolved, will have an impact on Congressional deliberations over the waiver of Jackson-Vanik?

ANSWER: The United States strongly favors the implementation of direct flights between the Soviet Union and Israel. We were dismayed by the Soviet decision not to implement the agreement. We have made our position known quite clearly to the Soviets. In fact, I raised the issue with Foreign Minister Shevardnadze in Moscow in February.

We understand that the Israelis are investigating the use of other routes and methods of transportation. Trains are already being used.

The issue of Moscow-Tel Aviv flights is not a subject of discussion at our ongoing trade negotiations with the Soviets, but they are well aware of our concerns on this issue.

We are not prepared to seek a waiver of Jackson-Vanik until the Soviets pass and faithfully implement their new emigration law. The law is not yet in force. When we look at the implementation issue, we will take into consideration all aspects, including the practical application of the law.

The Soviet Union is well aware of the importance the U.S. attaches to the issue of free emigration and the timely movement of Soviet Jewish emigrants to Israel.

Section 614

QUESTION: Now, regarding Section 614.

I didn't like that Section when it was put in the conference report last November, and I didn't sign that conference report because of that point. I believe I was the only conferee who did not sign the report.

Have you convinced Darman yet to look at this situation realistically and allow the bill to repeal 614 to be enacted?

Has anyone in the Administration conveyed the importance of that repeal to key members of the House and Senate Budget Committees? Unfortunately we need a waiver of the Budget Act.

If you have not done so already, would you furnish us with a detailed accounting of the reasons it is important to repeal that section. As you know, the squeaky wheel theory is alive and well around here, and we haven't heard much squeaking on this.

ANSWER: The President and OMB Director Darman join me in energetically seeking the immediate repeal of the spending limit caused by Section 614. Section 614 of the 1990 Commerce-Justice-State Appropriations Bill has left the Department of State unable to provide adequate support for the numerous areas of the world where we need to expand our presence (e.g., Eastern and Central Europe, Southern Africa, Andean Nations and Central America).

To live within the Section 614 constraints, we have slashed operating costs (e.g., 30% hiring reduction, 5% across the board funding cuts, elimination of overseas IG audits and inspections) and basically stopped work on almost every major infrastructure project (e.g., Beltsville Information Management Center, Machine Readable Visas, FSI campus, and overseas automation program). These long overdue infrastructure investments are necessary to correct glaring weaknesses in our ability to administratively support our worldwide operations.

In addition, Section 614 has eliminated any flexibility we might have had to reallocate from lower priority activities to support these new foreign policy initiatives. We have had to reallocate from lower priority activities just to sustain our basic functions. Adding to our financial difficulties is that Section 614 has prevented us from collecting full, anticipated payment for administrative services we are providing to other agencies. Consequently, we are barely able to carry-out ongoing diplomatic and consular functions, much less expand our presence in critical areas of the world.

Regarding Eastern Europe, it has been the position of this Administration to seek supplemental funding for Assistance programs. At the same time it was our plan to internally identify the necessary resources to administratively support these programs. Unfortunately, it now appears that Section 614, if not repealed soon, will leave us in the untenable position of not having an adequate support structure (e.g., people, consulates, information systems and security) for these critical new assistance programs.

Moreover, Section 614 also reduces the Contributions to International Organizations by about $129 million or over 20%. This shortfall undermines our international credibility and leadership with these important organizations and peacekeeping activities at a vital juncture for democracy and peace in Eastern Europe, Southern Africa and Central America. In addition, this results in further growth in arrearages at a time when the President has personally committed this Administration to fully meet our international financial obligations.

Section 614 has also exacerbated our already precarious 1991 funding situation. Section 614, if not repealed, would push our 1990 unfunded liability of about $250 million (including CIO) into 1991. Since our 1991 request for operations is basically a current services budget, our ability to limp through 1990 under Section 614 only sets the Department up for an even gloomier financial situation in 1991.

Finally, it is important to note another potentially crippling impact of Section 614. If the Department is again subject to a Continuing Resolution in 1991, our funding availability because of Section 614 would be about $1.0 billion less than the President's request. We would be unable to administratively support implementation of the Nation's most basic foreign policies, let alone considering major new initiatives. Moreover, Section 614 in particular undermines the President's arrearage program and would cause us to continue to lose influence with international organizations at a time when we depend on them for so much.

TUESDAY, MARCH 13, 1990.

REPRESENTATION ALLOWANCES

WITNESS

JILL E. KENT, CHIEF FINANCIAL OFFICER

Mr. **DWYER** [presiding]. Good morning. The first item that we shall consider today for the Department of State is the fiscal year 1991 budget request for Representation Allowances. The request is for $4,600,000, the same amount that was appropriated for fiscal year 1990.

We shall insert the justification materials submitted in support of this request into the record at this point.

[The justifications follow:]

REPRESENTATION ALLOWANCES

For representation allowances as authorized by section 905 of the Foreign Service Act of 1980, as amended (22 U.S.C. 4085), and for representation by United States missions to the United Nations and Organization of American States, $4,600,000. *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Note.—Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State and the United States Information Agency may be obligated and expended at a

REPRESENTATION ALLOWANCES

FY 1991

SUMMARY STATEMENT
(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
--	$4,590	--	$4,600	--	$4,600	--	$--

I. Summary

Representation allowances permit ambassadors, principal officers at constituent posts and other Foreign Service officers with vital contacts in the government and economic sectors to obtain partial reimbursement of costs incurred for official representation overseas. These official contacts help establish and maintain close personal ties with local government officials, knowledgeable and influential private citizens, and foreign officials resident in the country with knowledge in the fields of finance, politics, business, journalism, labor and science. Such functions are vehicles to convey the nation's foreign policy goals and objectives and to gather information central to the formulation of our bilateral and multilateral policies. Representation is an integral part of an officer's responsibilities which enhance our analyses of other nation's foreign and domestic policies and provide a forum for presenting United States policies and programs.

Included in the Department's FY 1990 appropriation bill (Public Law 101-162) for those accounts under the jurisdiction of the House and Senate Commerce, Justice and State Appropriations Subcommittees is a provision (Section 614 of the Commerce-Justice-State Appropriations Bill) that states that funds appropriated to the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The FY 1990 estimates used in this presentation assume the repeal of this provision.

II. Current Programs

The promotion of American interests through the establishment and maintenance of solid working relationships with, and gathering of information from, foreign officials and representatives will remain the central feature of representational activities in FY 1990. In addition, funding will be used to promote economic activities through strengthening relationships among individuals (business and labor leaders, etc.) who perform duties of an economic nature, such as trade promotion, protection of American business interests,

II. Current Programs (continued)

economic, commercial and labor reporting, and negotiations. Finally, funding is required for adherence to certain protocols or traditions which must be observed, such as the installation or inauguration of national leaders, recognition of deaths or marriages of prominent citizens, and presentation of credentials to heads of state.

III. 1991 Plans

The FY 1991 budget request of $4,600,000 will provide support for overseas diplomatic reporting, consular affairs and administrative positions. Representation allowances permit our staff overseas to engage in activities that enhance our worldwide posture in ways most clearly associated with the goals of:

- o improving the quality and effectiveness of U.S. foreign policy and bilateral/multilateral diplomatic activity;
- o advancing the U.S. agenda on economic and trade issues; and
- o continuing to provide high-quality, cost-effective consular service.

Issues requiring special representation may include arms talks, general improvements in U.S. relations with other nations and the opening of new Missions, liaison activities, such as international trade, world economics, the environment, strategic issues, environmental activities, fisheries, and science and technology transfer initiatives.

Representation Allowances

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
Representation Allowances				
Promotion of U.S. National Interest...............	$3,555	$3,499	$--	$3,499
Protection of U.S. Citizens' Interests.............	203	286	--	286
Promotion of Economic Activities......................	594	594	--	594
Commemorative and Ceremonial Requirements.........	238	221	--	221
GRAND TOTAL	4,590	4,600	—	4,600

Representation Allowances

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
2500 OTHER SERVICES........	$4,590	$4,600	$--	$4,600	$--
Total, Budget Unit	4,590	4,600	--	4,600	--

REPRESENTATION ALLOWANCES

FY 1991

JUSTIFICATION OF PROGRAM ACTIVITIES

(dollars in thousands)

Summary of Program Activities:

	FY 90 Est.	FY 91 Inc.	FY 91 Req.
Promotion of U.S. Nat'l Interest	$3,499	$--	$3,499
Protection of U.S. Citizens' Interests	286	--	286
Promotion of Economic Activities	594	--	594
Commemorative and Ceremonial Requirements	221	--	221
Total	4,600	--	4,600

Representation allowances permit our staff overseas to engage in activities that serve to enhance our worldwide posture. Issues requiring special representation include arms talks; general improvements of U.S. relations with other nations, especially as regards the opening of new posts; and important liaison activities, such as international trade, world economics, the environment, strategic issues, fisheries, and science and technology transfer initiatives. The FY 1991 request maintains operations at a level consistent with current budgetary constraints, while allowing sufficient funding to carry out this appropriation's highest priority program activities.

REPRESENTATION ALLOWANCES

Promotion of U.S. National Interest

1990 Estimate	1991 Increase	1991 Request
$3,499	--	$3,499

Promotion of U.S. national interests allows Foreign Service Officers to strengthen their contacts with foreign officials, prominent citizens and long-term residents who are knowledgeable in various fields. The majority of official representational expenditures are for receptions, small working luncheons, informal dinners which help to establish and maintain personal relationships, and reciprocating courtesies previously extended. These relationships enable officers to gather information used to report trends, policies and opinions abroad, to conduct negotiations, and to present or further the acceptance of American policies or viewpoints.

Protection of U.S. Citizens' Interests

1990 Estimate	1991 Increase	1991 Request
$286	--	$286

Foreign Service Officers use personal relationships with foreign officials in the country of their assignment to enable them to provide such citizen services as visa and immigration assistance, police and prison liaison, solving citizenship and related problems, and arranging transportation for destitute Americans.

Promotion of Economic Activities

1990 Estimate	1991 Increase	1991 Request
$594	--	$594

Foreign Service Officers meet with foreign and American officials, businessmen, labor leaders and other individuals involved in production and trade investment in the country or district of their assignment. These contacts help them perform duties of an economic nature, such as trade promotion, protection of American business interests, economic, commercial and labor reporting, and conduct negotiations related to these activities.

REPRESENTATION ALLOWANCES

Commemorative and Ceremonial Requirements

1990 Estimate	1991 Increase	1991 Request
$221	--	$221

Ambassadors, Charges d'Affaires or their representatives are frequently called upon to participate in ceremonial or commemorative occasions such as national days, installations or inaugurations of national leaders, deaths or marriages of prominent citizens, and presentation of credentials to heads of state. On these occasions certain protocols or traditions such as the presentation of a wreath, flowers, or other articles, must be observed. Resident representatives of the United States Government are also responsible for the presentation of newly arrived senior Foreign Services Officers, as well as of visiting officials, personnel of visiting U.S. naval vessels and special U.S. Government aircraft to local leaders.

Mr. Dwyer. Here to testify in support of this request is Jill Kent, the Chief Financial Officer of the Department of State, a nice person to know.

Since this is your first appearance before this committee, we shall insert your biographical sketch into the record at this point.

[The biography of Ms. Kent follows:]

Biography of Jill E. Kent

Jill E. Kent was appointed Chief Financial Officer of the Department of State in August 1989 after joining the Department in March this same year.

From 1988 to 1989, Ms. Kent served as Assistant Secretary of the Treasury for Management. Prior to this, Ms. Kent served as Principal Deputy Assistant Secretary for Finance and Management at the Department of Treasury. From 1984–85, she was Chief of the Treasury and General Services Branch at the Office of Management and Budget. From 1981–84, Ms. Kent was a Senior Budget Examiner at OMB responsible for the Internal Revenue Service account. She was Acting Chief of Legislative Reference at the Department of Health and Human Services, 1978–80.

Ms. Kent graduated from the University of Michigan (B.A., 1970) and George Washington University (J.D., 1975; LL.M., 1979). Ms. Kent is married and resides in Washington, D.C.

Mr. Dwyer. You may proceed with your statement.

GENERAL STATEMENT

Ms. Kent. Thank you, Mr. Chairman.

It is a pleasure to appear before you to request an appropriation of $4.6 million for Representation Allowances in 1991. For fiscal year 1991, the Department is not seeking an appropriation increase for this fund.

Representation Allowances permit Foreign Service Officers to obtain reimbursement for costs incurred in official representation activities. These activities help United States officials to develop and maintain close personal contacts with foreign leaders, local government officials, and influential private citizens and residents of the host country.

This is an integral part of an officer's responsibilities and is a method of securing factual data and informed opinions concerning political, economic, scientific and business developments and trends. These contacts are essential to our analysis of host nations' foreign and domestic policies. Moreover, through such activities we are able to promote a better understanding and support for United States policies.

Program funding ultimately provides for establishing and maintaining constructive international relationships, thereby ensuring protection of United States citizens' interests.

The majority of official representation expenditures are for small working luncheons, informal dinners and receptions. Larger functions are occasionally necessary and desirable, such as those held to introduce visiting American officials to groups of prominent local government officials.

Some representational expenditures are also required for protocol and ceremonial activities such as national days, deaths of prominent citizens and for commemorative occasions.

Mr. Chairman, this concludes my statement. I would be pleased to respond to any questions the committee may have.

[The prepared statement of Ms. Kent follows:]

DEPARTMENT OF STATE
1991 BUDGET ESTIMATES

STATEMENT

JILL E. KENT

CHIEF FINANCIAL OFFICER

Before

THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS

For

COMMERCE, JUSTICE, STATE, THE JUDICIARY

AND RELATED AGENCIES

Representation Allowances

March 13, 1990

Mr. Chairman and Members of the Committee:

It is a pleasure to appear before you to request an appropriation of $4,600,000 for Representation allowances in 1991. For FY 1991, the Department is not seeking an appropriation increase for this fund.

Representation allowances permit Foreign Service Officers to obtain reimbursement for costs incurred in official representation activities. These activities help U.S. officials to develop and maintain close personal contacts with foreign leaders, local government officials, and influential private citizens and residents of the host country. This is an integral part of an officer's responsibilities and is a method of securing factual data and informed opinions concerning political, economic, scientific and business developments and trends. These contacts are essential to our analysis of host nations' foreign and domestic policies. Moreover, through such activities we are able to promote a better understanding and support for U.S. policies.

Program funding ultimately provides for establishing and maintaining constructive international relationships, thereby ensuring protection of United States citizens' interests.

The majority of official representation expenditures are for small working luncheons, informal dinners and receptions. Larger functions are occasionally necessary and desirable, such as those held to introduce visiting American officials to groups of prominent local government officials. Some representational expenditures are also required for protocol and ceremonial activities such as national days, deaths of prominent citizens and for commemorative occasions.

Mr. Chairman, this concludes my statement. I would be pleased to respond to any questions the Committee might have.

REQUEST TO OMB

Mr. **Dwyer**. Thank you very kindly.

What was your budget request to OMB?

Ms. **Kent**. We asked for slightly more than this for increases in inflation and so on, $4.8 million.

Mr. **Dwyer**. So basically—you did not get the $200,000?

Ms. **Kent**. No, sir. We did not.

Mr. **Dwyer**. So, in effect—this budget is at last year's level; so the purchasing power is probably a little less than the previous year?

Ms. **Kent**. Yes, sir, that is true. Unfortunately, the way this account was budgeted for is similar to the way our overall operations account was budgeted for and I believe characterizes the way OMB tended to handle operations accounts government-wide.

CHANGES IN EASTERN EUROPE

Mr. **Dwyer**. With what is happening in Eastern Europe and a lot of changes are going on, do you have a lot more opportunities to entertain people from host governments?

Ms. **Kent**. I am sure with the changing events in Eastern Europe, certainly the nature of our relationships would change and we would work with the European Bureau to ensure their allocation was appropriate for these activities.

Mr. **Dwyer**. What you are really saying is that you won't suffer because of lack of money in this particular item?

Ms. **Kent**. Mr. Chairman——

Mr. **Dwyer**. Given the amount of opportunities that are apt to pop up right now, it seems to me there are opportunities we could ill afford to lose.

Do we have enough money to take advantage of them?

Ms. **Kent**. I think that is a very timely question and certainly a question that applies to our regular operating account, as well.

We are in the process of looking at what the Eastern European changes will do to impact our overall operations. We hope to do it within our current funds and the funds requested for next year. Certainly if it turns out not to be the case we would come back and let you know and if we have to ask for a reprogramming, we will.

At this time we do not anticipate it would require a supplemental.

UNREIMBURSED OUT-OF-POCKET EXPENSES

Mr. **Dwyer**. How about the out-of-pocket expenses that accrue to Foreign Service employees? How much of this occurs and how is the reimbursement working?

Ms. **Kent**. There is a small amount of unreimbursed out-of-pocket expenses that are reported. Of course, we can only know what is reported. We can't know the extent as to how much it may be understated.

Last year, 1989, 98 percent of reported representation expenses were reimbursed; that is, only two percent were reported as out-of-pocket.

You will be glad to know—I certainly was—that this is not any greater than the 10-year average. In fact, it is probably a little more favorable than other instances in the past few years. This past year, we had $85,000 in unreported and unreimbursed out-of-pocket expenses. It has been as high as $110,000. So we are at least holding even, if not a little better than that.

Mr. **Dwyer**. Let me ask you one more question. These nonreimburseable items at two percent, do they deduct that from their income tax filings?

Ms. **Kent**. Mr. Chairman, if an individual itemizes then this can be included as an itemized expense and follows the same rules. But it has to exceed a certain amount of adjusted gross income for that amount.

Mr. **Dwyer**. Thank you very much for your testimony.

Ms. **Kent**. Thank you, Mr. Chairman.

Mr. **Dwyer**. You are going to handle the next issue also.

[The following questions were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

Representation Allowances

QUESTION: I understand that the Department of State is considering transferring personnel or opening up several new consulates in Eastern Europe and the Soviet Union in light of the significant changes that have occurred in those countries in the past year. If those new posts are opened, won't you need an increase in representation funds?

ANSWER: If and when new posts are opened in Eastern Europe and the Soviet Union, and additional representational activity is required, we will attempt to reprogram funds from within our current resources. However, because funding in this account is already very constrained, we might be forced to seek additional resources in order to properly carry out our representational responsibilities.

QUESTION: In a report which was submitted to the Committee last year, the Department's Inspector General concluded that considerably increased productive representational activity could be carried out; more funds are needed but the Department and the Foreign Service have not presented an effective case to the Congress. What action has the Department taken in the past year to respond to this conclusion?

ANSWER: Our FY 1991 request represents a balance between funding important representation activity and the need to constrain overall government spending. However, it is clear that in FY 1991, this account will be challenged to do more with less. In order to maximize our flexibility, we plan to engage in representational activities such as receptions, small working lunches, and informal dinners which accomplish our goals while minimizing the cost and offer the greatest return for our investment.

TUESDAY, MARCH 13, 1990.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

WITNESSES

JILL E. KENT, CHIEF FINANCIAL OFFICER

Mr. DWYER [presiding]. The next item we will consider is the fiscal year 1991 budget request for the Emergencies in the Diplomatic and Consular Service. The request is for $6,600,000, an increase of $1,965,000 above the fiscal year 1990 appropriation adjusted for the Gramm-Rudman sequestration.

We shall insert the justification materials submitted in support of this request into the record at this point and you may proceed with your statement.

[The justifications follow:]

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

For expenses necessary to enable the Secretary of State to meet unforeseen emergencies arising in the Diplomatic and Consular Service pursuant to the requirement of 31 U.S.C. 3526(e), [$4,700,000] *$6,600,000,* to remain available until expended as authorized by 22 U.S.C. 2696(c). *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Note.—Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State and the United States Information Agency may be obligated and expended at a rate not exceeding the rate available for fiscal year 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The following schedules assume the repeal of this provision.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICES

FY 1991

SUMMARY STATEMENT
(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
--	$4,500	--	$4,635	--	$6,600	--	$1,965

I. Summary

This appropriation is utilized to meet unforeseen emergency requirements in the conduct of foreign affairs. It is essential to the furtherance and protection of United States interests in foreign countries that there be a fund from which extraordinary expenditures can be made on a timely basis. Funds are also available under this appropriation for relief and repatriation loans to destitute Americans abroad and to provide funding to pay rewards for information concerning both international terrorist and international narcoterrorist acts. Authorization to make reward payments is detailed in the 1984 Act to Combat International Terrorism, the FY 1989 Omnibus Drug Bill (Public Law 100-690) and the International Narcotics Control Act of 1989 (Public Law 101-231).

Included in the Department's FY 1990 appropriation bill (Public Law 101-162) for those accounts under the jurisdiction of the House and Senate Commerce, Justice and State Appropriations Subcommittees is a provision (Section 614 of the Commerce-Justice-State Appropriations Bill) that states that funds appropriated to the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The FY 1990 estimates used in this presentation assume the repeal of this provision.

The FY 1990 estimates also reflect the impact of FY 1990 sequestration pursuant to Public Law 99-177, The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Reaffirmation Act of 1987 (Public Law 100-119).

II. Current Programs

The Emergencies in the Diplomatic and Consular Services appropriation enables the Department to meet emergency requirements that arise in the conduct of foreign affairs. In recent years, a major responsibility of this appropriation has been to evacuate U.S. Government personnel, their dependents and other U.S. citizens from high risk areas (due to political unrest or natural disasters such as floods and earthquakes) without delay. In 1989, funds were used to support evacuations from Beirut, Lebanon (two evacuations); Colombia; Panama; China; Rangoon, Burma; Kabul, Afghanistan; Addis Ababa, Ethiopia; San Salvador, El Salvador; and Bucharest, Romania.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICES

II. Current Programs (continued)

In addition to funding the evacuation expenses, the appropriation will provide relief and repatriation loans for U.S. citizens traveling abroad in FY 1990 (estimated at $617,000).

In FY 1985, $1,000,000 in no-year funds was appropriated to pay rewards for information leading to the apprehension, effective prosecution, and punishment of those persons responsible for international terrorist activities, such as bombings, hijackings and kidnappings. In FY 1989, the passage of the Omnibus Drug Bill (Public Law 100-690) provided a mechanism for the Department to expand the scope of reward payments to include incidents involving international narcotics trafficking and international narcoterrorism. After careful review of several cases by the Justice Department and the Department of State, $300,000 in narcoterrorism rewards was paid in FY 1989. In addition, it is expected that an international terrorism claim in the amount of $100,000 will be paid prior to the end of FY 1990.

In order to avoid the need for a supplemental request for this appropriation, a language provision to allow for the transfer of funds in times of dire need from the Salaries and Expenses appropriation to the Emergencies in the Diplomatic and Consular Services appropriation is being sought in the FY 1990 appropriation language. This transfer authority would afford the appropriation a certain measure of financial flexibility and security in FY 1990 by providing a hedge against the cost of large, unanticipated evacuations.

III. 1991 Plans

The uncontrollable and unanticipated costs associated with this appropriation make it very difficult to predict how the evacuation and anti-terrorist components of these funds will be used. In FY 1991, the appropriation will continue to carry out its mission, serve the American public in the event of an emergency or crisis situation and to continue to operate the rewards program. The FY 1991 budget request of $6,600,000 will allow the appropriation to continue to meet evacuation expenses, other emergency requirements, and to operate a toll-free line for use during times of crisis. The line will provide information concerning the welfare and whereabouts of American citizens involved in crisis situations.

Emergencies in the Diplomatic and Consular Service

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
Emergencies in the Diplomatic and Consular Services				
Repatriation Loans...............	$635	$617	$133	$750
Emergency Evacuations and Other Activities................	3,081	6,518	-668	5,850
Unobligated Balance..............	784	-2,500	2,500	--
GRAND TOTAL	4,500	4,635	1,965	6,600

Emergencies in the
Diplomatic and Consular ServicSUMMARY OF CHANGE
(DOLLARS IN THOUSANDS)

Program Activities	POSITIONS American Pos.	FSNs	Total	FUNDS Bureau Managed	American Salaries	Total
1989 ENACTED..................	--	--	--	$4,500	--	$4,500
1990 BASE......................	--	--	--	4,635	--	4,635
1990 ESTIMATE..................	--	--	--	4,635	--	4,635
1991 PROGRAM CHANGES						
Emergencies in the Diplomatic and Consular Services						
Repatriation Loans.........	--	--	--	133	--	133
Emergency Evacuations and Other Activities..........	--	--	--	-668	--	-668
Unobligate Balance.........	--	--	--	2,500	--	2,500
Sub-total Emergencies in the Services..........	--	--	--	1,965	--	1,965
TOTAL PROGRAM CHANGES........	--	--	--	1,965	--	1,965
1991 REQUEST..................	--	--	--	6,600	--	6,600

Emergencies in the Diplomatic and Consular Service

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
9000 OTHER					
9100 Unvouchered...........	$4,500	$4,635	$1,965	$6,600	$1,965
Subtotal, 9000	4,500	4,635	1,965	6,600	1,965
Total, Budget Unit	4,500	4,635	1,965	6,600	1,965

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICES

FY 1991

Justification of Program Activities

(dollars in thousands)

	Positions		Funds
	American	FSN	
1991 Request......................	--	--	$6,600

The purpose of this activity is to provide the Department with the means to respond on a timely basis to emergencies that arise in the conduct of foreign relations. The Department must have the ability to respond to emergency situations such as the evacuation of U.S. Government personnel, their dependents and other U.S. citizens from high risk areas without delay. Funds are also available under this appropriation for relief and repatriation loans to destitute Americans abroad, and to pay rewards for information concerning both international terrorist and international narcoterrorist acts. Authorization to pay rewards is detailed in the 1984 Act to Combat International Terrorism, the FY 1989 Omnibus Drug Bill (Public Law 100-690) and the International Narcotics Control Act of 1989 (Public Law 101-239).

Repatriation Loans, $750,000

Funds are available under this appropriation for relief and repatriation loans to destitute Americans abroad. When U.S. citizens abroad become destitute and are unable to fund their return to the United States, they may enlist the assistance of the U.S. Embassy or Consular post located in the country in which they are stranded. The Embassy first attempts to obtain funds for the person in need from family members in the United States. If this cannot be done, the Embassy may be authorized to purchase an airline ticket for direct return to the United States and to provide food and lodging for the period prior to the next available flight via U.S. carrier. The recipient is required to sign a promissory note for the amount of the loan. The Department of State actively seeks repayment of these loans. To encourage repayment, the recipient's passport is restricted at the time the loan is granted to allow return to the United States only. This restriction remains in effect until the loan is repaid. Repayments are deposited as miscellaneous receipts of the Treasury.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICES

Emergency Evacuations and Related Activities, $5,850,000

One of the primary responsibilities of this appropriation is to meet expenses relating to the evacuation of U.S. Government employees, their dependents, and non-Government American civilians from Department of State embassies abroad because of terrorism, foreign upheavals, natural disasters (earthquakes, floods, etc.), and individua' threats. Included are such expenses as:

- transportation and travel costs of U.S. Government employees and their dependents from their countries of assignment to a safehaven post overseas or the United States;
- subsistence expense allowance (SEA) payments to help defray the cost of maintaining temporary residence at the safehaven post and other daily living expenses until such employees and their dependents are authorized to return to their regular post of assignment or are transferred to the United States or a new post for permanent assignment;
- special and unusual administrative costs at the safehaven post arising from receipt, processing, care and support of the evacuees;
- allowances granted to dependents evacuated to the United States for the convenience of the Government;
- travel and transportation of American non-Government civilians from the countries in which they are residing to a place of safehaven;
- issuance of loans (to meet transportation costs) where necessary, to those American non-Government civilians who have been evacuated; and
- operation of a toll-free line which will provide information concerning the welfare and whereabouts of American citizens abroad during times of crisis.

Evacuation costs are difficult to project due to their uncontrollable and urgent nature. The expenses chargeable to the appropriation vary depending upon the number of evacuees, type of air travel required (commercial, charter, or military flight), air freight allowed, and the duration of SEA payments. Public Law 96-465 specifies that SEA payments may continue for six months. For example in FY 1989, this appropriation funded the evacuation of personnel from Beirut, Lebanon (two evacuations); Rangoon, Burma; Panama; China; Colombia; Kabul, Afghanistan; Addis Ababa, Ethiopia; San Salvador, El Salvador; and Bucharest, Romania. To continue to fund evacuation expenses and allow for unanticipated expenses of the appropriation, the U.S. Government must have the funding flexibility to evacuate personnel, their dependents, and other American civilians in the event of a major emergency.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICES

Emergency Evacuations and Related Activities (continued)

Rewards

Since FY 1985, a total of $2,000,000 has been appropriated to pay rewards for information leading to the apprehension, effective prosecution, and punishment of individuals responsible for international terrorist activities. Individual rewards were posted and $1,000,000 obligated during FY 1985 and 1986 for the following incidents: the hijacking of TWA Flight 847, Kuwaiti Airlines Flight 221, and the cruise ship Achille Lauro; the murder of four U.S. Marines and two U.S. citizens in El Salvador; and the bombing of TWA Flight 840. The Department no longer posts dollar specific rewards, instead there is a standing reward which covers the following specific incidents: the murder of U.S. Defense Attache William Nordeen in Athens and Colonel James Roe in the Philippines and the bombing of Pan Am Flight 103. It is expected that an international terrorism claim in the amount of $100,000 will be paid prior to the end of FY 1990.

In FY 1989, the Omnibus Drug Bill (Public Law 100-690) stipulated that the funds could also be used to pay rewards for information concerning international narcotics related offenses. The International Narcotics Control Act of 1989 (Public Law 101-239) increased the ceiling on terrorist and narcoterrorist rewards from $500,000 to $2,000,000. The Department of State and the Justice Department have recently completed a review of claims for international narcoterrorism rewards, and $300,000 in rewards was paid in 1989, with additional claims pending payment. Consequently, as of February 1990, the unobligated reward balance was only $700,000.

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GENERAL STATEMENT

Ms. **KENT**. Thank you, Mr. Chairman.

It is a pleasure to appear before you to present the fiscal year 1991 budget request for the Emergencies in the Diplomatic and Consular Services appropriation. The fiscal year 1991 request for this appropriation is $6.6 million, an increase of $1.965 million over the 1990 appropriation, as adjusted for the Gramm-Rudman sequestration.

This appropriation is used to meet emergency requirements in the conduct of foreign affairs for which the granting of specific appropriations is not feasible due to, one, the urgency of the requirements of a specific situation; and/or, two, the confidential character of certain activities for which the funds are necessary.

THREE MAJOR ACTIVITIES

There are three major activities covered by this appropriation. The first is subsistence and repatriation loans to destitute American citizens abroad. The second purpose is for emergency evacuation of United States Government employees and other American citizens with their dependents from areas of the world where their safety is in jeopardy from local crises such as armed conflicts and natural disasters.

For example, since October 1989 this appropriation funded the evacuations of Americans from Burma; Lebanon, two separate evacuations; Colombia; Afghanistan; China; Panama; Ethiopia; El Salvador; and Romania.

The third purpose of this appropriation is to pay rewards for information concerning terrorist acts.

Regarding awards in 1989, the Omnibus Drug Bill, Public Law 100-690, contained a provision stipulating that the funds originally authorized for terrorist activity could also be used to pay rewards for information concerning international narcotics-related offenses.

Also in 1989, the International Narcotics Control Act of 1989, Public Law 101-259, increased the ceiling on terrorist and narcoterrorist rewards from $500,000 to $2 million.

This fiscal year 1991 budget request of $6.6 million, an increase of $1.965 million, will allow the appropriation to continue to meet evacuation expenses and other emergency requirements and to operate a toll-free line that will provide information for families of American victims of international disasters and other crises situations.

Finally, the emergency nature of this appropriation makes it very difficult to predict our evacuation requirements. Consequently, for fiscal year 1990 the department has requested a change to the appropriation language which would permit the Secretary of

State to transfer up to $3 million from the salaries and expenses appropriation to the emergencies in the diplomatic and consular services account to cover the cost of unforeseen evacuations and other emergencies.

Evacuation decisions should not be a function of funding availability.

Mr. Chairman, I am pleased to respond to questions you may have now regarding this request.

[The prepared statement of Ms. Kent follows:]

DEPARTMENT OF STATE
FY 1991 BUDGET ESTIMATES

STATEMENT OF

JILL E. KENT

CHIEF FINANCIAL OFFICER

DEPARTMENT OF STATE

BEFORE

THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS

FOR

COMMERCE, JUSTICE, STATE, THE JUDICIARY
AND RELATED AGENCIES

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

March 13, 1990

Mr. Chairman and Members of the Committee;

It is a pleasure to appear before you to present the FY 1991 budget request for the Emergencies in the Diplomatic and Consular Services appropriation. The FY 1991 request for this appropriation is $6,600,000; a $1,965,000 increase over the FY 1990 appropriation adjusted for the Gramm-Rudman sequestration.

This appropriation is used to meet emergency requirements in the conduct of foreign affairs for which the granting of specific appropriations is not feasible due to: (1) the urgency of the requirements of a specific situation, and/or (2) the confidential character of certain activities for which funds are necessary.

There are three major actvities covered by this appropriation. The first is subsistence and repatriation loans to destitute American Citizens abroad. The second purpose is for emergency evacuations of United States government employees and other American Citizens with their dependents, from areas of the world where their safety is in jeopardy from local crises such as armed conflicts and natural disasters. For example, from FY 1989 through the present this activity funded the evacuation of Americans from Burma; Lebanon (two separate evacuations); Columbia; Afghanistan; China; Panama; Ethiopia; El Salvador; and Romania.

The third purpose for this appropriation is to pay rewards for information concerning terrorist acts. Since 1985, a total of $2,000,000 has been appropriated to pay rewards for information leading to the prevention of terrorist activities and the apprehension and prosecution of individuals responsible for international terrorist activities. Individual rewards were posted and $1,000,000 obligated during FY 1985 and FY 1986 for the following incidents: the hijackings of TWA Flight 847, Kuwaiti Airlines Flight 221, and the cruise ship Achille Lauro; the murder of four U.S. Marines and two U.S. citizens in El Salvador; and the bombing of TWA Flight 840. The Department no longer posts dollar specific rewards for terrorist activity. Instead, there is now a standing offer of up to $2,000,000 per terrorist incident. The following are examples of some recent events: the murders of U.S. Naval Attache Captain William Nordeen in Athens and U.S. Army Colonel James Rowe in the Philippines, and the bombing of Pan Am Flight 103. It is expected that three international terrorism claims in the amount of $225,000 will be paid prior to the end of FY 1990.

In FY 1989, the Omnibus Drug Bill (Public Law 100-690) stipulated that the funds originally authorized for terrorist activity could also be used to pay rewards for information concerning international narcotics related offenses. The International Narcotics Control Act of 1989 (Public Law 101-239) increased the ceiling on terrorist and narcoterrorist rewards from $500,000 to $2,000,000. The Department of State and the Justice Department have recently completed a review of claims for international narcoterrorism rewards, and $300,000 in rewards were paid in 1989. Consequently, as of February 1990, the unobligated balance in the account for rewards was $700,000. The Department has earmarked $100,000 to provide the public with information about the rewards program.

The FY 1991 budget request of $6,600,000 will allow the appropriation to continue to meet evacuation expenses and other emergency requirements, and to operate a toll-free line for use during times of crisis. The phone line will provide information for families of American victims of international disasters and other crisis situations.

The emergency nature of this appropriation makes it very difficult to predict how evacuation, anti-terrorist and narcoterrorist components of these funds will be used. In FY 1990, the Department has requested a change to the appropriation language which would permit the Secretary of State to transfer up to $3,000,000 from the Salaries and Expenses appropriation to the Emergencies in the Diplomatic and Consular Service account to cover the costs of unforeseen evacuations and other emergencies.

In FY 1991 the $1,965,000 increase in this appropriation will assure that funds will be made available in a timely manner for emergency requirements. In FY 1988, Congress modified the language for this appropriation making the funds available until expended.

Mr. Chairman, I will be pleased to respond to questions the Committee may have regarding this request.

EVACUATIONS

Mr. Dwyer. Thank you.

Speaking of evacuations, I see Afghanistan is on the list. Were these people evacuated in the last year?

Ms. Kent. The evacuation ran from January 26, 1989 to February 26, 1989, one month.

Mr. Dwyer. Here's a civil war that has been going on for a number of years. How do the Americans get in there and put themselves in a position of having to be evacuated? Who were they?

Ms. Kent. This was just about a year ago.

Mr. Dwyer. Yes.

Ms. Kent. This was the remnants of the post, the people at the embassy.

Mr. Dwyer. I see. So you had people in Kabul all along even after the problems began there.

Ms. Kent. I think there was a residual amount, sixteen United States Government employees.

Mr. Dwyer. They were not people who went in and had to come back out again? That is my question.

Ms. Kent. I don't believe so.

Mr. Dwyer. Panama—the same question.

Ms. Kent. Yes, sir.

Mr. Dwyer. You took these people out during our incursion into Panama?

Ms. Kent. No, these people were sent out—this last year, in May, 1989, and then it extended through last November.

Mr. Dwyer. Again, these were embassy employees?

Ms. Kent. Yes, sir.

Mr. Dwyer. In each case—in all cases were they embassy employees?

Ms. Kent. In each and every case I would have to verify my facts.

[The information follows:]

Evacuations

From FY 89 through the present, evacuations occurred at the following posts:
Rangoon, Burma (8/12/88–10/24/88), dependents/nonessential employees.
Panama (5/12/89–11/6/89), dependents/nonessential employees.
Beirut, Lebanon (2/17/89–3/17/89), (8/16/89)–3/6/90), all employees.
Colombia (8/29/89–11/22/89), dependents.
Kabul, Afghanistan (1/26/89)–2/26/89), all employees.
China (6/7/89)–8/9/89), dependents/nonessential employees.
Addis Ababa, Ethiopia (10/209/89–11/20/90), dependents.
San Salvador, El Salvador (11/29/89–1/5/90), dependents/nonessential employees.
Manila, Philippines (12/1/89)–12/8/89), dependents/nonessential employees.
Bucharest, Romania (12/22/89–1/15/90), dependents/nonessential employees.

Ms. Kent. In general, it was a departure of all USG dependents at the post and in some cases non-essential personnel. But it was essentially the dependents.

Mr. Dwyer. I see.

REWARDS

Under the rewards program, you have a ceiling now of $2 million per incident. What effect do you think that will have?

Ms. **Kent**. Well, it certainly gives us more flexibility to carry out more activity. I think one of the things that could happen is that we could get more information coming in about potential terrorist events.

The down side it could have is that even though we are asking for an increase in the appropriation—we only have $700,000 left in the reward pot that is available to obligate, and we do have some rewards pending in the pipeline—this 700,000 certainly wouldn't cover the rewards availability, that is, available funds would not cover awards up to two million.

If we approve awards above $700,000, we would have to reprogram essentially from evacuations. If there is a lot of evacuation activity—last year was unprecedented, almost $2 million in evacuations and a lot of rewards activity—even with our increase we could have pressures on the fund.

Mr. **Dwyer**. You used the word "narco-terrorist." Do you have an award program for narcotics information?

Ms. **Kent**. In 1989, legislation was passed that authorized us to use reward money for not just terrorism but also terrorism which is involved with drug activity. It is the 1989 Omnibus Drug Bill, Public Law 100-690.

[The following information was received subsequent to the hearing.]

Sec. 502 of the Omnibus Diplomatic Security and Antiterrorism Act of 1986 (P.L. 99-399), authorized the Secretary of State, with the concurrence of the Attorney General, to offer and pay rewards leading to the arrest of major narcotics traffickers. The 1989 Omnibus Drug Bill, P.L. 100-690, increased the amounts which can be offered up to $2 million.

Mr. **Dwyer**. For my own information here, are you the only agency that offers reward money in the overseas area for narcotics information?

Ms. **Kent**. I believe that we work with the Justice Department on making the decisions on these rewards, so it is not just the State Department decision but the Secretary and the Attorney General or their representatives which are involved.

This program, administered under section 36 of the Department's Basic Authorities Act, is separate from the informant payment program administered by DEA.

DEA, in addition, provides rewards. I will provide more details for the record.

[The information follows:]

NARCOTICS

Regulations establishing the review and payment process for narcotics rewards are set forth in 2 FAM 950-959. Briefly, requests are made in accordance with the criteria for identifying major traffickers, by a Chief of Mission. The request is examined by the Bureau of International Narcotics Matters (INM) at State, and the Drug Enforcement Administration. If approved by the INM Assistant Secretary and the DEA Administrator, a recommendation, which includes the amount to be paid is forwarded to the Secretary, through the Under Secretary for Management. The Secretary then seeks the concurrence of the Attorney General. If all agree, the Department of State pays the reward from Section 36 funds.

Mr. **Dwyer**. That is really why I am asking. This seems like we have too many people in the rewards business, not that I am concerned about duplication of rewards here. But what happens? Does an informant go to the highest bidder?

Ms. **Kent**. My understanding—I can't represent DEA—but my understanding is they have a limitation at $250,000—rewards for terrorism information, as opposed to those for narcotics related matters.

Mr. **Dwyer**. It pays to shop around; doesn't it?

Ms. **Kent**. We have developed a process where there is an interagency subcommittee which decides on the rewards from our fund for terrorism information, which includes representatives from the Department of State, Department of Justice, National Security Council, FBI, and CIA. So we can certainly provide you more information on that.

Mr. **Dwyer**. For the record, I would really appreciate that.

[The information follows:]

The Rewards Program Subcommittee

The Rewards for Terrorism Information Program is administered by the Bureau of Diplomatic Security under the aegis of the Policy Coordinating Committee/Terrorism (PCC/T). An interagency working level subcommittee referred to as the Rewards Program Subcommittee has been established to develop program policy and review proposals for rewards payments to informants.

The Rewards Program Subcommittee is chaired by the Bureau of Diplomatic Security (DS) and is composed of representatives from DS, the Bureau of Financial Management and Policy (FMP) the Office of the Coordinator for Counterterrorism (S/CT), the Office of the Legal Adviser (L), the relevant regional bureaus(s) within the Department as well as the Federal Bureau of Investigation, the Department of Justice (Criminal Division) and the Central Intelligence Agency. As appropriate, augmentee members from other Department bureaus and other government agencies confer with the Rewards Program Subcommittee.

Proposals that a reward be paid under this program may originate at post or in the Department and must include the considerations given below.

1. Information leading to arrest or conviction for commission of, or for attempt or conspiracy to commit an act of international terrorism:

(a) The seriousness of the injury or potential injury to U.S. persons or property;
(b) The likelihood that the information provided has materially aided in bringing the perpetrators to justice; and
(c) The attitude of host government authorities toward a reward program.

2. Information leading to the prevention or frustration of an act of international terrorism:

(a) The credibility and specificity of the information provided indicating that there is a threat of such an act;
(b) The seriousness of the danger to U.S. persons or property indicated by the information provided;
(c) The likelihood that the information provided has materially aided in successfully avoiding or countering the threat; and
(d) The attitude of host government authorities toward a reward payment.

3. Information concerning the favorable resolution of an act of international terrorism:

(a) The seriousness of the danger posed by the act to U.S. persons or property;
(b) The likelihood that the information provided has materially aided in favorably resolving the ongoing act (e.g. a hostage-taking or aircraft hijacking); and
(c) The attitude of host government authorities toward a reward payment.

The Rewards Program Subcommittee will review proposals to pay rewards to informants. If the proposal is approved, the chairman of the Rewards Program Subcommittee will forward an action memo to the Secretary of State or his delegate advising of the Rewards Program Subcommittee recommendation that a reward be certified for payment. The action memo should include:

(1) A summary of the case or incident;
(2) The type of information provided by the informant and how the information was instrumental in leading to the prevention, frustration, or favorable resolution of an act of international terrorism against U.S. persons or property or leading to the arrest or conviction, in any country, of those committing, attempting to commit, or conspiring to commit an act of terrorism against U.S. persons or property;
(3) The criteria used in adjudicating the reward payment proposal;
(4) Other considerations that would impact on the amount of the reward and/or the method of payment;
(5) A recommendation as to the amount of the reward; and
(6) As appropriate, dissenting opinion(s) of any Rewards Program Subcommittee members involved in the decision to pay a reward.

If the proposal to pay an informant is denied, the chairman of the Rewards Program Subcommittee will advise the originating post of the decision by telegram, outlining the basis of the denial.

After consideration of a favorable proposal by the Rewards Program Subcommittee, the Secretary decides whether or not a reward should be offered. The Secretary may then authorize such an offer and instruct the post to take the necessary steps.

TOLL-FREE NUMBER FOR INTERNATIONAL DISASTERS

Mr. **Dwyer**. You talk about a toll-free number for international disasters. When is that going to be operative, or is it now; how will it be used; what do you anticipate there?

Ms. **Kent**. The toll-free number will be activated when a major international disaster or crisis situation occurs. The lines are installed, therefore, it could be activated at any time which we felt—if we felt it would be necessary.

The number is essentially to be given to the victims' families so these families will have a way to get to the Department quickly. They will not have to go through a lot of red tape, and they can get information about the status of the event.

There has been no need to activate this line at this point, but we are ready to do it.

Mr. **Dwyer**. They call their Congressmen, you know.

Ms. **Kent**. They still may do that.

Mr. **Dwyer**. That is right. We give them the number that you are supposed to have activated.

Thank you very kindly.

Ms. **Kent**. Thank you, Mr. Chairman.

Mr. **Dwyer**. We may have a question or two more for the record.

Ms. **Kent**. Certainly.

Mr. **Dwyer**. You will answer them for the record.

Ms. **Kent**. We will be delighted to do that.

Mr. **Dwyer**. Thank you very much.

[The following questions were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

Rewards

QUESTION: How much money has the Department of State paid out of the $2 million reward fund established by Congress in the 1984 Act to Combat International Terrorism and the FY 1989 Omnibus Drug Bill (Public Law 100-690)?

ANSWER: Despite numerous terrorist acts against American Citizens, no rewards have been paid for information on international terrorist incidents. However, three claims totalling $225,000 are currently pending (specific information is CLASSIFIED). Of the $2 million authorized for this purpose, $1 million (FY 85/86 funds) have been obligated, but not liquidated and not available as a source for new rewards. In FY 1989 the rewards funds were made available for narcotics related offenses. Rewards totalling $300,000 were paid during 1989 for narcoterrorism and/or drug trafficking leaving a balance of $700,000 in previously authorized funds. The Department has committed an additional $100,000 for rewards publicity purposes.

International Terrorism

The Secretary of State has authorized rewards to be paid for information that leads to the prevention of terrorist activities; and the apprehension, prosecution, and punishment of persons responsible for terrorist activities. Individual rewards were posted and $1,000,000 obligated during FY 1985 and FY 1986 for the following incidents:

The murder of four marines and two U.S. civilians in El Salvador;

The hijacking of TWA Flight 847;

The hijacking of Kuwait Airlines Flight 221;

The hijacking of the cruise ship Achille Lauro;

The terrorist bombing of TWA Flight 840;

The Department no longer posts dollar specific individual rewards, instead there is a standing reward which covers the following specific incidents:

The murder of U.S. Naval Attache William Nordeen in Athens;

The murder of U.S. Army Colonel James Rowe in the Philippines; and

The bombing of Pan Am Flight 103.

QUESTION: You also stated that the Department has earmarked $100,000 to provide the public with information about the rewards program. Please describe for the Committee the details of your public information initiative.

ANSWER: The Department has decided to engage in a vigorous publicity campaign to encourage individuals with information on terrorism and narcotics related activities to come forward. The following are examples of the publicity programs under taken during FY 1990:

-- Rewards Notice - A poster-size notice designed primarily for use in United States government facilities abroad, i.e., embassies, consulates, USIS facilities, etc. This notice was not designed with the idea of putting it into the host government community.

-- Radio/TV Announcements - particularly those media sources that service the Middle East

-- Print advertisements with emphasis on publications that circulate in areas where terrorist activities have occurred

-- Special Post Office Box - located in Washington, D.C. to receive responses

QUESTION: What emergency services covered by this account are available to U.S. Citizens abroad?

ANSWER: The Bureau of Consular Affairs is responsible for approving and obligating funds for repatriation loans. When a U.S. citizen's family or friends are unable to assist financially, repatriation loans are provided to destitute U.S. citizens overseas for temporary subsistence and transportation to the nearest U.S. port of entry. These funds can also be used to assist in the life or limb saving medical evacuation of a U.S. citizen overseas.

QUESTION: What effect will the new appropriation language being requested have in FY 1991?

a. Have you ever run out of funds in this account?

ANSWER: The appropriation language suggested is for FY 1990 and would allow the Secretary of State to transfer funds to the Emergencies in the Diplomatic and Consular Services account to cover the costs of unforeseen evacuations and other emergencies, should they necessitate. The actual proposal reads "For meeting unforeseen emergencies that may arise in fiscal year 1990, the Secretary of State may transfer up to $3,000,000 from the Salaries and Expenses appropriation to this heading (Emergencies in the Diplomatic and Consular Services)." We are considering suggesting that this type of change be made permanent since the UN-predictability of our needs in this area will undoubtedly continue.

In FY 1979 because of emergency situations throughout the world a significant number of U.S. personnel and dependents were evacuated from Iran, Chad, Nicaragua and Afghanistan. Consequently, this appropriation was overobligated by approximately $1,300,000. This violation was reported as required by the Anti-Deficiency act (31 U.S.C. 665 (e) (1) (B)) in August, 1979. As a result of these activities and widespread evacuations in the Middle East after the taking of our embassy in Teheran in November, 1979, the Department subsequently requested and received an FY 1980 supplemental in the amount of $4,300,000, which specifically provided up to $1,800,000 to be used to liquidate obligations incurred in prior years.

QUESTION: What evacuations have taken place since the beginning of FY 1989 and how much did each evacuation cost?

ANSWER: From FY 1989 through the present funds were used to support evacuations from the following posts:

POST	COST
Rangoon, Burma (8/12/88 - 10/24/88)	$101,257
Panama (5/12/89 - 11/6/89)	$338,092
Beirut, Lebanon	$65,783 1/
Columbia (8/29/89 - 11/22/89)	$76,370
Kabul, Afghanistan (1/26/89 - 2/26/89)	$16,481
China (6/7/89 - 8/9/89)	$838,769
Addis Ababa, Ethiopia (10/20/89 - 11/20/89)	$3,500 2/
San Salvador, El Salvador (11/29/89 - 1/5/90)	$164,023
Manila (12/1/89 - 12/8/89)	$15,970
Bucharest, Romania (12/22/89 - 1/15/90)	$44,316

1/ Cost of two separate evacuations (2/17/89 - 3/17/89 and 8/16/89 - 3/6/90)

2/ Estimate

Funding Increase

QUESTION: You are requesting an increase of $1,965,000 over the FY 1990 funding, but your statement does not provide any details for this increase. Are you expecting additional evacuation requirements and other emergency expenses in FY 1991?

ANSWER: Yes, based on prior years experience we expect additional evacuation requirements as a result of anticipated increases in evacuation expenses and the number of personnel being evacuated. Additional funds are needed to cover the operation of a public access toll-free line for use during crises and to provide for the necessary flexibility to meet the uncontrollable and unanticipated expenses of the appropriation. The increase of $1,965,000 includes $1,832,000 for these activities. Furthermore we expect that the number and value of the individual repatriation loans will continue to increase and have included $133,000 in our request for this activity.

QUESTION: Based upon your expenditures to date, what are the total anticipated obligations in this account for FY 1990, and what is the anticipated carry-over into FY 1991?

ANSWER: The Department anticipates that all funds available under Section 614 of Public Law 101-162, or $6,216,000, will be obligated during FY 1990. Consequently, no funds will be available for carry-over into FY 1991.

QUESTION: I understand that the authorization for this account for 1991 is $4,888,000. The request is for $6,600,000. Are you going to be submitting a supplemental authorization request to cover the difference.

ANSWER: Yes. The Department has submitted to Congress a request for Supplemental 1991 Authorizations to provide for the request of $6,600,000.

TUESDAY, MARCH 13, 1990.

FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

WITNESS

JILL E. KENT, CHIEF FINANCIAL OFFICER

Mr. DWYER [presiding]. The next item we will consider is the fiscal year 1991 request for the Foreign Service Retirement and Disability Fund.

The request is for $108,576,000, an increase of $2,542,000 above the fiscal year 1990 appropriation. We shall insert the justification materials submitted in support of this request into the record at this point.

[The justifications follow:]

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

For payment to the Foreign Service Retirement and Disability Fund, as authorized by law, [$106,034,000] *$108,576,000 (Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

FY 1991

SUMMARY STATEMENT

(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
--	$107,684	--	$106,034	--	$108,576	--	$2,542

I. Summary

The purpose of this appropriation is to maintain the Foreign Service Retirement and Disability Fund. This request represents the costs of maintaining the Retirement Fund for those employees who declined to switch into the FERS system, as well as the amortization of previous unfunded liabilities that will continue to be funded by this separate appropriation.

The appropriation for the Foreign Service Retirement and Disability Fund is one of several sources of income to the Fund. Income is derived from the following sources: contributions by participants; matching Government contributions; special Government contributions including this appropriation; interest on investments; and voluntary contributions.

This separate payment is authorized by the Foreign Service Act of 1980 (Section 821 of Public Law 96-465), which provides for an appropriation to the Fund, in thirty equal annual installments, of the amount required for the unfunded liability created by: new or liberalized benefits; new groups of beneficiaries; or increased salaries on which benefits are computed.

In addition, Section 821 also finances the balance of the normal cost for each fiscal year, an amount equal to the balance of annual costs to the Fund in excess of current employee and employer contributions.

II. 1991 Plans

The 1991 request of $108,576,000 includes $85,076,000 for continuing installments to finance underfunded liabilities created by Federal salary increases, the extension of benefits to new groups of employees and new or liberalized benefits paid from the Fund. The remaining $23,500,000 is necessary to meet the balance of the Foreign Service normal cost not met by employee and employer contributions. The amount requested represents State and USIA's portion of these Foreign Service costs. AID is responsible for requesting its share in separate legislation.

The FY 1991 increase of $2,542,000 is required to amortize the unfunded liability created by recent Federal salary increases and results from the annual evaluation of Fund balances performed by the Fund's Government Actuary at the Department of Treasury.

1858G

General Statement

Mr. Dwyer. Testifying once again is Jill Kent, the Department's Chief Financial Officer. You may proceed with your statement at your own pace.

Ms. Kent. Thank you.

I appreciate the opportunity to appear before you to present the 1991 request of $108,576,000 for the annual appropriation to the Foreign Service Retirement and Disability Fund.

Our request represents an increase of $2,542,000 from the 1990 appropriation.

As you are aware, the size of our request is determined by an annual actuarial evaluation of the Foreign Service Retirement and Disability Fund performed by the Department of the Treasury.

The authority for the payment to the Foreign Service Retirement and Disability Fund is provided by section 821 of the Foreign Service Act of 1980, Public Law 96-465.

This $108,576,000 request for 1991 has two major components. First, $85,076,000 is requested to finance unfunded liabilities created by statutes which have previously authorized new or liberalized payments from the fund; extension of benefits of the retirement system to new groups of employees or increases in salaries on which the benefits are computed, for example, the 3.6 percent pay increase granted in January 1990.

Each unfunded liability is amortized over a 30-year period and appropriated for payment in 30 equal annual installments.

Second, the remaining $23,500,000 is necessary to finance the balance of the normal cost for those employees remaining in the old Foreign Service Retirement system.

The actuaries at the Treasury Department define the balance of a normal cost as the amount of estimated Foreign Service annuity costs earned by participants in the system which are not met by the matching employee and employer contributions.

Currently, about 47 percent of the Foreign Service is covered by the new Federal Employee's Retirement System, FERS. Our requirement for those employees covered by FERS is included within our request for the salaries and expenses appropriation.

This separate appropriation request represents the state and USIA portion of the cost to finance the Foreign Service retirement system.

AID is responsible for requesting its share of these costs in separate legislation.

Mr. Chairman, this concludes my prepared statement. I will be pleased to answer any questions you may have regarding this request.

[The prepared statement of Ms. Kent follows:]

DEPARTMENT OF STATE

1991 BUDGET ESTIMATES

STATEMENT OF

JILL E. KENT

CHIEF FINANCIAL OFFICER

DEPARTMENT OF STATE

BEFORE

THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS

For

COMMERCE, JUSTICE, STATE, THE JUDICIARY

AND RELATED AGENCIES

Foreign Service Retirement and Disability Fund

March 13, 1990

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear before you to present the 1991 request of $108,576,000 for the annual appropriation to the Foreign Service Retirement and Disability Fund. Our request represents an increase of $2,542,000 from the 1990 appropriation. As you are aware, the size of our request is determined by an annual actuarial evaluation of the Foreign Service Retirement and Disability Fund performed by the Department of Treasury.

The authority for the payment to the Foreign Service Retirement and Disability Fund is provided by Section 821 of the Foreign Service Act of 1980 (P.L. 96-465). The $108,576,000 request for 1991 has two major components:

First, $85,076,000 is requested to finance unfunded liabilities created by statutes which have previously authorized new or liberalized payments from the Fund, extension of benefits of the Retirement System to new groups of employees, or increases in salaries on which benefits are computed (e.g., the 3.6% pay increase granted in January, 1990). Each unfunded liability is amortized over a 30-year period and appropriated for payment in 30 equal annual installments.

Second, the remaining $23,500,000 is necessary to finance the balance of the normal cost for those employees remaining in the old Foreign Service retirement system. The actuaries at the Treasury Department define the balance of the normal cost as the amount of estimated Foreign Service annuity costs being earned by participants in the system which are not met by the matching employee and employer contributions.

Currently, about 47% of the Foreign Service is covered by the new Federal Employees Retirement System (FERS). Our requirement for those employees covered by FERS is included within our request for the Salaries and Expenses appropriation.

This appropriation request represents the State and USIA portion of the costs to finance the Foreign Service retirement system. AID is responsible for requesting its share of these costs in separate legislation.

Mr. Chairman, this concludes my prepared statement. I will be pleased to answer any questions the Committee may have regarding this request.

SEPARATE PAYMENT INCREASE

Mr. **Dwyer**. Why are you requesting an increase of $2,542,000 or two percent of the fund for 1991? You may have stated that, but I missed it.

Ms. **Kent**. It is a result of the Treasury actuarial evaluation. We don't do the estimates ourselves. Treasury is our actuary and does the work for us.

Mr. **Dwyer**. I had written down actuary and I saw that—I thought that is what it was.

S&E RETIREMENT COSTS

Why are S&E costs increasing by seven percent?

Ms. **Kent**. It is related to the combination of annualization of 1990 costs, annualization of pay costs for FERS employees, the 1990 pay raise which Federal employees just received, as well as the increases projected for 1991; the general pay raise for Federal employees of about 3.5 percent as well as senior pay.

All this affects what we have to pay into the system in employer contributions for employees.

RETIREMENT SYSTEMS

Mr. **Dwyer**. What retirement plans are funded by your department?

Ms. **Kent**. Well, we are on several systems. We have the civil service FERS which is funded by employer contributions and employee contributions; the Foreign Service FERS funded by employer and employee contributions; civil service's old system funded by employer contributions, employee contributions and a government-wide OPM appropriation; and the Foreign Service's old system funded by employer contributions and employee contributions and a separate appropriation to the Foreign Service retirement fund.

The difference between us and other Federal agencies, other Federal agencies also manage between the old system and the FERS system, however; we have two separate systems for both Foreign Service and civil service on each side so it is more complicated.

Mr. **Dwyer**. Do you feel like an insurance company at times?

Ms. **Kent**. Yes.

Mr. **Dwyer**. Thank you for your testimony.

[The following questions were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

Foreign Service Retirement and Disability Fund

QUESTION: Why are Salaries and Expenses retirement costs increasing by 7 percent over FY 1990?

ANSWER: Retirement costs increase mainly due to replacement of departing employees for which the Department contributes 7% of salary with new employees with contribution rates of 31.9% for FS and 22.2% for GS. Other factors which contribute to the increased costs are:

- annualization of FERS costs for employees who came on board during FY 90
- annualization of additional retirement contributions caused by the 3.6% pay raise effective January 1, 1990.
- increased costs of retirement contributions caused by proposed 3.5% pay raise to be effective January 1, 1991.
- increased costs of retirement contributions caused by proposed Senior Pay raise to be effective January 1, 1991.

QUESTION: Will you be submitting a supplemental to fund the additional retirement-related costs of the FY 1990 3.6 percent pay raise?

ANSWER: No. The 1990 appropriation shortage will be made up from future year appropriation requests that will reflect the latest Treasury Department actuarial evaluations of the relationship between fund balances (currently about $4.6 billion) and future benefits. As a result of the annual actuarial review and subsequent adjustment of actuarial assumptions and overall vitality of the FS Fund, we do not think that a 1990 Retirement supplemental is necessary.

QUESTIONS SUBMITTED BY CONGRESSMAN KOLBE

Foreign Service Retirement and Disability Fund

QUESTION: Last spring, Ambassador L. Paul Bremer III left the Foreign Service for a highly paid position in New York. At 47 years of age, Ambassador Bremer was widely regarded as a rising star of the service. Under a technicality in the retirement regulations, a decision was made not of offer Amb. Bremer an "onward assignment." This allowed him to "retire" with an immediate pension annexed to inflation, rather than not receiving a pension until the age of 65. Why was such a bright star of the Foreign Service not offered an onward assignment?

ANSWER: Former Ambassador L. Paul (Jerry) Bremer had served as the Department's coordinator for counter-terrorism, an assistant secretary level position, since 1986. He was not offered a comparable level position in the new Administration. Therefore, he was eligible to retire, under the authority of Section 813 of the Foreign Service Act of 1980 in 1989, at the age of 47.

QUESTION: What will the cost of this pension for the Ambassador be over the next 20 years if you assume cost of living increases at 5%?

ANSWER: Mr. Bremer stands to receive approximately $85,000 in annuity payments between May, 1989 and his 50th birthday in September, 1991. From 1991 onward, however, Mr. Bremer's actual annuity will be lower than what it would have been had he stayed on board until 1991, due to pay raises and increased service affecting his annuity in the interim.

On the basis of Mr. Bremer's Foreign Service Pension System annuity reflecting a reduction for his elected potential survivor benefit, and his Alternative Form of Annuity election, his annuity could be increased by an estimated $61,141.00 over the next 20 years. This reflects a hypothetical 5% cost-of-living increase for each year from 1989 to 2009.

If Mr. Bremer receives annuity benefits for more than 14 years, the total expenditure for his annuity will be less by virtue of his being granted Section 813 retirement. Given typical actuarial expectations, the Department will in all likelihood save money over time by having allowed Mr. Bremer to retire in 1989.

QUESTION: How many Ambassadors have been allowed to retire early under this provision?

ANSWER: Four Ambassadors have retired since 1980 under Section 813 of the Foreign Service Act of 1980, as amended. Prior to 1980, Section 519 of the Foreign Service Act of 1946, as amended (which is identical to Section 813 of the newer Act) was also applied sparingly.

QUESTION: When Foreign Service Ambassadors return to Washington after serving overseas, many are assigned to positions of diplomat-in-residence or visiting scholar at some institute. I have heard stories of returning Ambassadors holding these posts for two years or more and then retiring, or having these assignments for three or four years and then going overseas again. It is difficult to see what we are gaining in these instances. Could you please provide the Committee with a list of the next two assignments each returning Foreign Service Ambassador, since 1984, has had upon returning to Washington after an overseas tour?

ANSWER:

Ambassador	Last Post	Date Left Last Post	First Assignment	Second Assignment
R.Anderson	Sto. Domingo	1985	ARA	ARA
Armacost	Manila	1984	P	Tokyo
H. Barnes	New Delhi	1985	Santiago	
R. Barry	Sofia	1984	Dip-in-Res	CSCE
Blacken	Bissau	1989	AF	
Blane	Kigali	1987	Ndjamena	AF
Boeker	Amman	1987	NEA	
Bogosian	Niamey	1989	EB	
Bray	Dakar	1985	M/MP	FSI
Bremer	The Hague	1986	EUR	S/CT
Briggs	Tegucigalpa	1989	EUR	
K. Brown	Brazzaville	1984	Jo'burg	AF
W. Brown	Bangkok	1988	Tel Aviv	
Bullington	Bujumbura	1986	FSI	
Chapin	Guatemala	1984	OIG	
E.Constable	Nairobi	1989	Dip-in-Res	
C. Coon	Kathmandu	1984	Dip-in-Res	NEA
Corr	San Salvador	1988	Dip-in Res	
Countryman	Muscat	1989	A	
Crowley	USOAS	1986	A	
Cutler	Riyadh	1987	NEA	Dip-in-Res
A.H. Davis	Panama	1990	ARA	
A.C. Davis	Kampala	1985	AF	Bonn
DeVos	Maputo	1987	OES/SAT	OES
Dean	New Delhi	1989	NEA	
Dillery	Fiji	1987	M/MP	
Duemling	Paramaribo	1984	M	Inspector
Egan	Bissau	1984	D	Lisbon
Fischer	Victoria	1985	AF	Munich
Frechette	Yaounde	1987	AF	Sao Paulo
Hardy	Malabo	1984	Mexico	OIG
Hart	Quito	1985	Bd. of Exam	M
Hinton	Islamabad	1987	San Jose	Panama
Holdridge	Jakarta	1986	EAP	
Horan	Khartoum	1986	Dip-in-Res	Riyadh
Hummel	Beijing	1985	EAP	
Keeley	Harare	1985	Athens	
J. Kelly	Beirut	1988	S/P	NEA
B. King	Brunei	1987	M	
Kirk	Bucharest	1989	Dip-in-Res	
Kux	Abidjan	1989	Defense	

Ambassador	Last Post	Date Left Last Post	First Assignment	Second Assignment
S. Lewis	Tel Aviv	1985	NEA	
G.Matthews	Valletta	1987	M	
McKinley	Pt.au Prince	1989	EUR	
Meehan	Berlin	1988	EUR	
Moffat	Ndjamena	1985	PM	
Negroponte	Tegucigalpa	1985	OES	NSC
Newlin	Algiers	1985	CA	UNVIE
Okun	E.Berlin	1985	USUN	Dip-in-Res
Ortiz	Buenos Aires	1986	Dip-in-Res	
E. Peck	Nouakchott	1985	VP's Off.	M
Pickering	San Salvador	1985	Tel Aviv	USUN
Platt	Lusaka	1985	S/S	Manila
Pugh	Nouakchott	1987	Ndjamena	M
Quainton	Kuwait	1987	OIG	Lima
Ridgway	E. Berlin	1985	EUR	
Rondon	Quito	1988	ARA	OIG
Rosenthal	Conakry	1986	M	
Rowell	La Paz	1987	Lisbon	
M. Ryan	Mbabane	1989	CA	
Schlaudeman	Brasilia	1989	ARA	
TWM Smith	Lagos	1986	S/P	
Spiers	Islamabad	1983	M	
Stadtler	Cotonou	1989	PM	
Stearns	Athens	1985	M	FSI
Swing	Brazzaville	1985	PER	Pretoria
Thayer	Singapore	1984	AIT Taipei	FSI
Todman	Madrid	1983	Copenhagen	Buenos Aires
Veliotes	Cairo	1986	NEA	
Vest	USEC Brussels	1985	M/DGP	
J. Walker	Ouagadougou	1984	OIG	OES
H. Walker	Lome	1984	AF	OIG
L. Walker	Dakar	1988	Dip-in-Res	Lagos
Yates	Praia	1986	Manila	Lagos
Zweifel	Sanaa	1984	NEA	ARA

QUESTION: I have also heard Merit Pay rewards have often been provided to Foreign Service Officers just prior to their retirement. Could you provide us with a list of all senior officers receiving these awards in the past three years? Please indicate how many are still in the Foreign Service.

ANSWER: The State Department performance evaluation rating period runs from April 16 until April 15 of the following year. The Senior Foreign Service Performance Pay Board of a given fiscal year reviews the evaluation reports of the most recently concluded rating period, e.g., the FY-1988 Performance Pay Board reviewed the reports on performance during the period April 16, 1986 through April 15, 1987.

The regulations governing Senior Foreign Service Performance Pay (Vol. 3, Section 540 of the Foreign Affairs Manual or FAM), provides in Section 542.2 that all SFS officers who were employed "at the end of the most recently concluded rating period," and who were evaluated for at least 120 days during the rating period are eligible to be considered for a performance pay award regardless of their retirement status after the close of the rating period.

The Performance Pay Board members are not informed of the retirement status or retirement plans of any officer reviewed. The Board members are asked to judge the evaluated performance of the candidates during the rating period in question based solely on the factors set forth in the Selection Criteria in 3 FAM 543.3. All extraneous factors, including imminent retirement, which, as noted, would not be known to the Boards in any case, are to be ignored.

The following chart summarizes the number and rate of retirement of Performance Pay recipients over the past three years.

PPB Year	Total # Awardees	Number Retired	Percent Retired	# Ret w/in 12 mos after Rating Period	% Ret w/in 12 mos after Rating Period
FY-1988	298	41	13.7%	3	1%
FY-1989	295	20	6.8%	6	2%
FY-1990	263	10	3.8%	--	--

An analysis of these figures shows that recent or imminent retirement is not a significant factor relating to the award of performance pay. Only one percent of the officers awarded Performance Pay by the FY-1988 PPB retired within 12 months after the close of the pertinent rating period. Only two percent of the FY-1989 awardees retired within 12 months.

The purpose of the Senior Foreign Service Performance Pay program is to reward leadership and achievement during the rating period without regard to retirement plans.

[Clerk's note: The answer provided by the Department to the first question submitted by Congressman Kolbe did not sufficiently respond to the inquiry. The Department has agreed to provide additional information directly to the Committee in order to address Mr. Kolbe's concerns.]

TUESDAY, MARCH 13, 1990.

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

WITNESSES

JILL E. KENT, CHIEF FINANCIAL OFFICER

DAVID LAUX, CHAIRMAN OF THE BOARD AND MANAGING DIRECTOR, AMERICAN INSTITUTE IN TAIWAN

DOUGLAS ELLICE, EXECUTIVE OFFICER

CLARKE ELLIS, DEPUTY MANAGING DIRECTOR

RAY SANDER, DIRECTOR, TRADE AND COMMERCIAL PROGRAMS

BARBARA SCHRAGE, TAIWAN COORDINATOR AND ADVISER

Mr. DWYER [presiding]. The next item that we will consider is the fiscal year 1991 budget request for the American Institute in Taiwan. The fiscal year 1991 request is for $12 million, an increase of $858,000 over the fiscal year 1990 funding level.

We shall insert into the record at this point the justification materials submitted in support of this request.

[The justifications follow:]

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

For necessary expenses to carry out the Taiwan Relations Act, Public Law 96-8 (93 Stat. 14), [$11,300,000] *$12,000,000. (Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Note.—Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State and the United States Information Agency may be obligated and expended at a rate not exceeding the rate available for fiscal year 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The following schedules assume the repeal of this provision.

AMERICAN INSTITUTE IN TAIWAN

FY 1991

SUMMARY STATEMENT

(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec.(-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
62	$10,890	62	$11,142	62	$12,000	--	$858

NOTE: Positions are shown for informational purposes only and are not included in the Department's total personnel request.

I. Summary

The American Institute in Taiwan (AIT) is a non-profit, private corporation which was incorporated shortly after the United States Government withdrew its recognition of the Government of Taiwan at the beginning of 1979. AIT was established to manage unofficial relations with Taiwan and operates as a contract agent of the Department of State.

The Taiwan Relations Act (Public Law 96-8) authorized the "continuation of commercial, cultural and other relations between the people of the United States and the people of Taiwan." It also provided that "any programs, transactions and other relations conducted or carried out by the President or any Agency of the United States Government with respect to Taiwan shall, in the manner and to the extent directed by the President, be conducted and carried out by or through the American Institute in Taiwan."

The Department of State has a contract with the Institute, and the Congress, pursuant to the Taiwan Relations Act, has an oversight role with respect to the Institute's operations. AIT gets most of its operating funds through the contract with the Department of State.

Included in the Department's FY 1990 appropriation bill (Public Law 101-162) for those accounts under the jurisdiction of the House and Senate Commerce, Justice and State Appropriations Subcommittees is a provision (Section 614 of the Commerce-Justice-State Appropriations Bill) that states that funds appropriated to the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The FY 1990 estimates used in this presentation assume the repeal of this provision.

The FY 1990 estimates also reflect the impact of FY 1990 sequestration pursuant to Public Law 99-177, The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Reaffirmation Act of 1987 (Public Law 100-119).

AMERICAN INSTITUTE IN TAIWAN

II. Current Programs

The Institute's primary goals and objectives are to increase U.S. exports to Taiwan and maintain friendly relations between the people of Taiwan and of the United States. At the same time, the Institute must carry out its contractual obligations with the Department of State, provide political and economic reporting and conduct a large and steadily increasing volume of consular-related services.

AIT has a small staff in Washington which acts as liaison with its counterpart organization from Taiwan (the Coordination Council for North American Affairs - CCNAA), and with the Department of State and other federal agencies such as Defense, Commerce, Transportation, USIA, Energy, National Science Foundation, Foreign Agricultural Service and the Export-Import Bank. AIT conducts negotiations with CCNAA on a variety of subjects. Agreements between AIT and CCNAA are reported to Congress through the Department of State.

AIT's office in Taipei, Taiwan is involved in a wide range of activities, including commercial services, economic and political reporting, consular-related services, agricultural and foreign military sales, and cultural affairs. In Taipei, AIT also operates a language school, a Trade Center and a library. AIT's branch office in Kaohsiung, Taiwan, performs political and economic reporting, commercial promotion, and cultural work.

AIT has a successful trade promotion program which has demonstrably helped U.S. companies to obtain key contracts on Taiwan's major projects. In its trade show program for 1990, exhibitors are expected to report $50,000,000 in off-the-floor sales. The U.S. is Taiwan's largest trading partner. Two-way trade for 1990 is estimated at $36,000,000,000. AIT is helping to increase U.S. exports to Taiwan.

The AIT Cultural and Information Service has a library in Taipei, coordinates visitors' programs, contributes to the Foundation for Scholarly Exchange (known in other countries as the Fulbright Program), arranges for U.S. cultural events in Taiwan, conducts an advanced English language instructional program, and provides information about the United States through press release and publications.

AIT provides many travel services for Americans residing in or visiting Taiwan and for people of Taiwan who wish to travel to the U.S. Through these services, AIT maintains its most direct and broadest contact with the Taiwan society. In 1989, a year that saw explosive growth in travel exchanges of all kinds between Taiwan and the United States, AIT handled nearly 170,000 non-immigrant visa applications. This was 28 percent above last year's workload which was 18 percent above the previous year. Additionally, the number of Taiwan immigration cases (about 15,000 each year since 1986) represents nine percent of the total cases in Asia and the United States. Immigration cases will likely remain steady, but non-immigrant applications are expected to increase to over 180,000 in 1990, 200,000 in 1991 and close to 235,000 in 1992.

AMERICAN INSTITUTE IN TAIWAN

III. 1991 Plans

Major program changes result from the requirement to partially fund retroactive benefits for AIT's local employee pension plan ($600,000), and an increase of $258,000 to partially fund mandatory wage and price requirements. Currently the unfunded liability is $1,232,000.

American Institute in Taiwan

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
American Institute in Taiwan				
Economic/Commercial Svcs	$1,438	$1,438	$52	$1,490
Travel Services	1,438	1,438	52	1,490
Cultural and Information Services	1,964	1,939	72	2,011
Other Services	5,333	5,596	654	6,250
Washington Office Activities	717	731	28	759
GRAND TOTAL	10,890	11,142	858	12,000

American Institute in Taiwan

SUMMARY OF CHANGE
(DOLLARS IN THOUSANDS)

Program Activities	POSITIONS American Pos.	FSNs	Total	FUNDS Bureau Managed	American Salaries	Total
1989 ENACTED....................	--	--	--	$10,890	--	$10,890
1990 BASE.......................	--	--	--	11,142	--	11,142
1990 ADJUSTMENTS................	--	--	--	--	--	--
1990 ESTIMATE...................	--	--	--	11,142	--	11,142
1991 PROGRAM CHANGES						
American Institute in Taiwan						
Economic/Commercial Svcs...	--	--	--	52	--	52
Travel Services............	--	--	--	52	--	52
Cultural and Information Services..................	--	--	--	72	--	72
Other Services.............	--	--	--	654	--	654
Washington Office Activities................	--	--	--	28	--	28
Sub-total American Institute Taiwan............	--	--	--	858	--	858
TOTAL PROGRAM CHANGES........	--	--	--	858	--	858
1991 REQUEST....................	--	--	--	12,000	--	12,000

American Institute in Taiwan

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
1100 PERSONNEL COMPENSATION	$5,115	$5,148	$333	$5,481	$333
1200 PERSONNEL BENEFITS....	1,051	1,092	494	1,586	494
1300 BENEFITS FOR FORMER PERSONNEL...........	20	20	---	20	---
2100 TRAVEL AND TRANSPORTATION OF PERSONS.............	439	452	3	455	3
2200 TRANSPORTATION OF THINGS..............	143	149	---	149	---
2300 RENTS, COMMUNICATIONS AND UTILITIES.......	1,417	1,473	3	1,476	3
2400 PRINTING AND REPRODUCTION........	64	66	---	66	---
2500 OTHER SERVICES........	1,589	1,651	25	1,676	25
2600 SUPPLIES AND MATERIALS	260	270	---	270	---
3100 PERSONAL PROPERTY.....	473	491	---	491	---
4100 GRANTS, SUBSIDIES AND CONTRIBUTIONS.......	264	274	---	274	---
4200 INSURANCE CLAIMS AND INDEMNITIES.........	55	56	---	56	---
Total, Budget Unit	10,890	11,142	858	12,000	858

AMERICAN INSTITUTE IN TAIWAN

FY 1991

JUSTIFICATION OF PROGRAM ACTIVITIES

(dollars in thousands)

Note: Positions are shown for informational purposes only and are not included in the Department's total personnel ceiling.

Economic/Commercial Services

	Positions		Funds
	American	FSN	
1991 Request..........................	10	--	$1,490

The United States is the largest trading partner of Taiwan; two-way trade in FY 1990 is estimated at $36,000,000,000. United States private investment in Taiwan is more than $1 billion.

U.S. commercial and economic involvement in the Taiwanese economy continues to grow and expand, requiring a large staff in the Economic/Commercial Section. The staff is charged with the following responsibilities: reporting on economic and commercial developments in Taiwan as they affect United States interests, pursuing contracts for U.S. firms on Taiwan's major projects, assisting U.S. business to sell in the Taiwanese market, resolving trade disputes, conducting negotiations on trade and investment policy matters, managing the American Trade Center, counseling U.S. business people who wish to invest in Taiwan, and maintaining close relations with the large resident U.S. business community.

Travel Services Section

	Positions		Funds
	American	FSN	
1991 Request..........................	11	--	$1,490

AIT's immigrant visa workload is expected to remain steady, but non-immigrant applications are expected to increase to over 200,000 cases in FY 1991. In addition, the American Citizen Services Unit of the Travel Services Section has a growing workload of notarials, welfare/whereabouts inquiries, passport applications and related services.

AMERICAN INSTITUTE IN TAIWAN

Cultural and Information Services

	Positions		Funds
	American	FSN	
1991 Request........................	4	--	$2,011

The AIT Cultural and Information Service maintains one library (Taipei), coordinates visitors' programs, contributes to the Foundation for Scholarly Exchange, arranges for U.S. cultural events in Taiwan, runs an advanced English language learning program and provides timely information about the United States through press releases and publications. This activity is the key component of the AIT's activities in Taiwan in fulfilling its mandate as contained in the Taiwan Relations Act for promoting cultural relations between the people of the United States and the people on Taiwan. AIT expects to continue to vigorously promote cultural activities in FY 1991.

Other Services

	Positions		Funds
	American	FSN	
1991 Request........................	29	--	$6,250

In Taiwan, AIT maintains an office in Taipei and a branch office in Kaohsiung which are involved in a wide range of activities. In addition to Economic/Commercial, Travel Services (consular-related matters) and Cultural and Information Services, other activities include such things as political reporting, agricultural sales and foreign military sales. AIT operates the AIT Language School in Taipei, on a cost reimbursable basis, for the Foreign Service Institute. The Other Services activity represents approximately one-half of the total budget. Included in this component is the significant administrative support cost of the operation in Taipei which includes all salaries, benefits and allowances of administrative personnel in addition to such items as rentals, maintenance and repair, furniture and equipment, travel, transportation, motor pool costs, and all other operating expenses.

Washington Office

	Positions		Funds
	American	FSN	
1991 Request........................	8	--	$759

AIT has a small staff in Washington which acts as liaison with its counterpart organization from Taiwan (the Coordination Council for North American Affairs - CCNAA), the Department, and various other federal agencies such as Defense, Commerce, Transportation, USIA, Energy, National Science Foundation, Foreign Agricultural Service and the Export-Import Bank. AIT conducts negotiations with CCNAA on a variety of subjects. Agreements between the Institute and CCNAA are reported to Congress through the Department of State. In addition, the office provides administrative support to the Taipei and Kaohsiung offices and coordinates all other necessary activities between its Taiwan offices and appropriate agencies and the business community in the United States.

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GENERAL STATEMENT

Mr. **DWYER**. In addition to Ms. Kent, we have David Laux, Chairman of the Board and Managing Director of the American Institute in Taiwan, who is here to testify in support of this request.

Ms. Kent, you may proceed with your statement and we will be glad to hear from Mr. Laux, also.

Ms. **KENT**. Thank you, Mr. Chairman.

I am appearing before you today to discuss the fiscal year 1991 appropriation for the American Institute in Taiwan. Accompanying me this morning is Mr. David Laux, Chairman of the Board and Managing Director of the American Institute in Taiwan.

AIT is a private nonprofit corporation under contract with the Department of State and charged with conducting commercial, cultural and other relations between the people of the United States and the people of Taiwan.

The Institute is involved in a wide range of programs which include economic reporting, trade promotion, commercial services, agricultural sales and cultural and information exchange activities. AIT maintains a small headquarters office in Washington, its main office in Taiwan, and a branch office in Kaohsiung, Taiwan's second largest city.

The primary source of funding for the Institute is through a contract with the Department of State.

For 1991, we are requesting $12 million, an increase of $858,000 over the fiscal year 1990 funding level. This increase includes $600,000 to partially fund AIT's local employee pension plan and $258,000 to cover mandatory wage and price inflation.

With this level of funding the Institute will be able to execute an effective maintenance and repair schedule of its existing property and operate ongoing programs at roughly current funding levels.

Mr. Laux will now make his statement regarding AIT's budget request.

Thank you.

[The prepared statement of Ms. Kent follows:]

DEPARTMENT OF STATE

FY 1991 BUDGET ESTIMATES

STATEMENT OF

JILL E. KENT

CHIEF FINANCIAL OFFICER

DEPARTMENT OF STATE

BEFORE

THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS

FOR

COMMERCE, JUSTICE, STATE, THE JUDICIARY

AND RELATED AGENCIES

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

March 13, 1990

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I AM APPEARING BEFORE YOU TODAY TO DISCUSS THE FY-91 APPROPRIATION FOR THE AMERICAN INSTITUTE IN TAIWAN. ACCOMPANYING ME THIS MORNING ARE MR. DAVID LAUX, CHAIRMAN OF THE BOARD AND MANAGING DIRECTOR OF THE AMERICAN INSTITUTE IN TAIWAN (AIT) AND MS. BARBARA SCHRAGE, THE TAIWAN COORDINATION ADVISOR IN THE DEPARTMENT OF STATE.

AIT IS A PRIVATE, NON-PROFIT CORPORATION UNDER CONTRACT WITH THE DEPARTMENT OF STATE AND CHARGED WITH CONDUCTING COMMERCIAL, CULTURAL AND OTHER RELATIONS BETWEEN THE PEOPLE OF THE UNITED STATES AND THE PEOPLE OF TAIWAN.

THE INSTITUTE IS INVOLVED IN A WIDE RANGE OF PROGRAMS WHICH INCLUDE ECONOMIC REPORTING, TRADE PROMOTION, COMMERCIAL SERVICES, AGRICULTURAL SALES, AND CULTURAL AND INFORMATION EXCHANGE ACTIVITIES. AIT MAINTAINS A SMALL HEADQUARTERS OFFICE IN WASHINGTON, ITS MAIN OFFICE IN TAIPEI AND A BRANCH OFFICE IN KAOHSIUNG, TAIWAN'S SECOND-LARGEST CITY.

THE PRIMARY SOURCE OF FUNDING FOR THE INSTITUTE IS THROUGH A CONTRACT WITH THE DEPARTMENT OF STATE.

FOR FY 1991 WE ARE REQUESTING $12,000,000, AN INCREASE OF $858,000 OVER THE FY 1990 FUNDING LEVEL. THIS INCREASE INCLUDES $600,000 TO PARTIALLY FUND AIT'S LOCAL EMPLOYEE PENSION PLAN AND $258,000 TO COVER MANDATORY WAGE AND PRICE INFLATION. WITH THIS LEVEL OF FUNDING, THE INSTITUTE WILL BE ABLE TO EXECUTE AN EFFECTIVE MAINTENANCE AND REPAIR SCHEDULE OF ITS EXISTING PROPERTY AND OPERATE ONGOING PROGRAMS AT ROUGHLY CURRENT FUNDING LEVELS.

MR. LAUX WILL NOW MAKE HIS STATEMENT REGARDING AIT'S BUDGET REQUEST.

TRADE ISSUES

Mr. **Laux**. Mr. Chairman, forgive my voice. I have a bit of a cold.

This is the fourth year, the fourth time I have appeared before you to make our budget request. Our unofficial relations with Taiwan continue to expand presenting new challenges and opportunities for the American Institute in Taiwan and in managing those relations.

These same developments, however, combined with inflation and continuing appreciation of Taiwan's currency are placing strains on AIT's budget.

Most significant are our burgeoning economic ties. Taiwan is our sixth largest trading partner and the world's twelfth largest trading entity. Despite efforts on both sides which have reduced our trade deficit for the second year in a row, about 14 percent in 1989, Taiwan still remains the source of our second largest trade deficit after Japan.

I should add, we have been making progress. Our trade deficit in 1985 was $13.5 billion, went up to $15.1 billion in 1986 and peaked at $19 billion for 1987 and came down to $15.1 billion in 1988, and $13 billion this year.

The recent trends are such that it looks like there will be—it is really too early to say but at least at this point with two months of data, it looks like we will have a continued decrease in the trade deficit this coming year.

Taiwan's new wealth is impressive. It holds the world's second largest foreign exchange reserves after Japan, now about $75 to $77 billion.

Taiwan's per capita gross national product has risen from $3,800 in 1986 to $7,500 in 1989.

This is certainly one of the fastest rates of per capita GNP growth in the world.

This sudden prosperity is providing new opportunities for United States business firms and also creating new demands for AIT's services.

Taiwan's citizens are buying more American automobiles, refrigerators and other consumer products than ever before. Taiwan's desperate need for pollution control equipment, urban mass transit and other public works projects provide major commercial opportunities for United States companies.

U.S. companies seeking to break into the Taiwan market are flooding AIT's offices with phone calls and visitors seeking advice.

As an illustration of the interest in increasing trade and attaining Taiwan investment this last year, 19 states states have now established trade offices in Taipei and 24 United States governors have led delegations to Taiwan in 1989 seeking to promote trade or attract investment from Taiwan to their states.

BURGEONING WORKLOAD

With a new level of income, more Taiwan citizens than ever before are traveling abroad and visiting the United States placing a heavier than ever visa processing workload on AIT. In fiscal year 1989, we processed 170,000 applications for visas on Taiwan, a 29 percent increase over fiscal year 1988 and a 46 percent increase over fiscal year 1987. We expect that to continue to grow another 25 percent in this year.

Similarly, the increase in commercial and other opportunities in Taiwan has led to a 50 percent increase in the past two years of the American citizen population there, including dual nationals and people residing on tourist visas, from approximately 10,000 up to 15,000 people with a further increase in demand for more AIT citizen services.

Taiwan now has 27,000 students in the United States which I think is second only to the People's Republic of China, and now that the authorities in Taiwan are allowing high school students to come here for study, we expect this number to rise even further.

With this growth in our economic relationship have come increased trade problems which have lead to more trade negotiations with Taiwan this past year than ever before on such matters as tariffs, intellectual property rights, driftnet fishing, steel, financial services, machine tools, turkey parts, et cetera. These trade negotiations have for the most part been very successful in pursuing United States trade objectives and have increased the workload on AIT.

CURRENCY APPRECIATION

At the same time that AIT's workload is increasing, other factors are also placing an enormously increased pressure on our budget. Taiwan's currency has continued to appreciate from 40 new Taiwan dollars to the United States dollar late in 1985 to about 26 to 1 today, an increase of over 50 percent.

During the past year, Taiwan's currency appreciation slowed and amounted to slightly less than two new Taiwan dollars but even this translated into $500,000 U.S. dollars in increased costs for AIT.

INCREASES IN WAGES, PRICES AND RENTS

Even more important than the currency appreciation, however, is the rapid increase in wages, rents and prices in the past year.

Taipei is now one of the most expensive cities in the world. According to the State Department calculations, Taipei is now even more expensive than Tokyo with the per diem rates now at $209 in Taipei versus $195 in Tokyo.

We recently were forced to move our trade center because the rent for the space we occupied had sextupled. We were paying $275,000 a year for rent and they asked for $1.6 million for the coming year. So we were forced to leave.

Now, in our new location we are being subsidized by Taiwan's Board of Foreign Trade but have been advised that we will have to begin paying full rent in January 1992.

This gesture on their part, just a footnote, is simply goodwill on their part and is part of their attempt to help us have the resources to continue to try and reduce the trade deficit.

So when we begin paying rent we are estimating that it will be $400,000 per year.

Our Tapei main office and most of the residential rents are subsidized to some extent, depending on who is the landlord. A lot of our residential rents are from private landlords who are not subsidized but a few are Bank of Taiwan, and they are subsidized. We expect rents to be raised in the near future since they are now at about 15 percent of the going market rates.

Another footnote to this, in a phone call this morning our administrative officer in Taipei told us that he just renegotiated the rents for 19 apartments in downtown Taipei and they went up 90 percent. Our $12 million request will maintain operations at a level consistent with current budget constraints while allowing sufficient funding to carry out the highest priority activity.

OMNIBUS TRADE ACT REQUIREMENT

Because of budget constraints, we have not been able to comply as yet with the provisions of the Omnibus Trade and Competitiveness Act of 1988. The Act levied on us the requirement to establish a commercial section in Taipei equivalent to the one in, commensurate was the word, with the one in Seoul, Korea. We plan to comply with this as resources become available over the next few fiscal years.

PENSION PLAN ARREARAGES

The fiscal year 1991 increase includes $600,000—let me say, also, our approved level of funding for last year was $11.3 million. We had $142,000 taken away in the 1990 sequestration. That is where the $858,000 increase comes from.

Of this increase, $600,000 will be earmarked to pay part of our past arrearages in the local employees' pension plan which is required under Taiwan's labor law of 1985. There will still remain a $300,000 liability in past arrearages to fund our pension reserve fully. In fact, it may be even higher than that. It could be as much as $500,000.

We will address that in next year's budget request.

We are currently paying $298,000 into the pension plan on an annual basis to meet the continuing obligation, and are pleased that we have been able to implement this important obligation to our local employees.

Mr. Chairman, thank you for this opportunity to outline the challenges and programs. I would be pleased to answer any questions.

[The prepared statement of Mr. Laux follows:]

DEPARTMENT OF STATE
1991 BUDGET REQUEST

STATEMENT OF DAVID N. LAUX

BEFORE

THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS
FOR
COMMERCE, JUSTICE, STATE, THE JUDICIARY
AND RELATED AGENCIES

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

MARCH 13,1990

MR. CHAIRMAN, AND MEMBERS OF THE COMMITTEE:

OUR UNOFFICIAL RELATIONS WITH TAIWAN CONTINUE TO EXPAND, PRESENTING NEW CHALLENGES AND OPPORTUNITIES FOR THE AMERICAN INSTITUTE IN TAIWAN (AIT) IN MANAGING THOSE RELATIONS. THESE SAME DEVELOPMENTS, HOWEVER, COMBINED WITH INFLATION AND CONTINUING APPRECIATION OF TAIWAN'S CURRENCY, PLACE STRAINS ON AIT'S BUDGET.

MOST SIGNIFICANT ARE OUR BURGEONING ECONOMIC TIES. TAIWAN IS OUR SIXTH LARGEST TRADING PARTNER AND THE WORLD'S 12TH LARGEST TRADING ENTITY. DESPITE EFFORTS ON BOTH SIDES WHICH REDUCED OUR TRADE DEFICIT (FOR THE SECOND YEAR IN A ROW) ABOUT 14% IN 1989, TAIWAN STILL REMAINS THE SOURCE OF OUR SECOND LARGEST TRADE DEFICIT (AFTER JAPAN). TAIWAN'S NEW WEALTH IS IMPRESSIVE. IT HOLDS THE WORLD'S SECOND LARGEST FOREIGN EXCHANGE RESERVES AFTER JAPAN. TAIWAN'S PER CAPITA GNP HAS RISEN FROM $3800 IN 1986 TO $7,500 IN 1989. THIS IS CERTAINLY ONE OF THE FASTEST RATES OF PER CAPITA GNP GROWTH IN THE WORLD.

THIS SUDDEN PROSPERITY IS PROVIDING NEW OPPORTUNITIES FOR US BUSINESS FIRMS AND ALSO CREATING NEW DEMANDS FOR AIT'S SERVICES. TAIWAN'S CITIZENS ARE-BUYING MORE AMERICAN AUTOMOBILES, REFRIGERATORS AND OTHER CONSUMER PRODUCTS THAN EVER BEFORE. TAIWAN'S DESPERATE NEED FOR POLLUTION CONTROL EQUIPMENT, URBAN MASS TRANSIT AND OTHER PUBLIC WORKS PROJECTS PROVIDES MAJOR COMMERCIAL OPPORTUNITIES. US COMPANIES SEEKING

TO BREAK INTO THE TAIWAN MARKET ARE FLOODING AIT OFFICES WITH PHONE CALLS AND VISITORS SEEKING ADVICE. 19 US STATES HAVE ESTABLISHED TRADE OFFICES IN TAIPEI AND 24 US GOVERNORS LED DELEGATIONS TO TAIWAN IN 1989, SEEKING TO PROMOTE TRADE OR ATTRACT INVESTMENT FROM TAIWAN TO THEIR STATES.

WITH A NEW LEVEL OF INCOME, MORE TAIWAN CITIZENS THAN EVER BEFORE ARE TRAVELING ABROAD AND VISITING THE US, PLACING A HEAVIER THAN EVER VISA PROCESSING WORKLOAD ON AIT. IN FY1989 AIT PROCESSED 170,000 APPLICATIONS FOR VISAS ON TAIWAN, A 29% INCREASE OVER FY1988 AND A 46% INCREASE OVER FY1987. SIMILARLY, THE INCREASE IN COMMERCIAL AND OTHER OPPORTUNITIES IN TAIWAN HAS LED TO A 50% INCREASE IN THE PAST TWO YEARS OF THE AMERICAN CITIZEN POPULATION THERE (INCLUDING DUAL NATIONALS AND PEOPLE RESIDING ON TOURIST VISAS) FROM 10,000 TO 15,000 -- WITH A COMMENSURATE INCREASE IN DEMAND FOR AIT'S CITIZEN SERVICES. TAIWAN NOW HAS ABOUT 27,000 STUDENTS IN THE US, AND NOW THAT THE AUTHORITIES IN TAIWAN ARE ALLOWING HIGH SCHOOL STUDENTS TO COME HERE FOR STUDY WE EXPECT THIS NUMBER TO RISE FURTHER.

WITH THIS GROWTH IN OUR ECONOMIC RELATIONSHIP HAVE COME INCREASED TRADE PROBLEMS, WHICH HAVE LED TO MORE TRADE NEGOTIATIONS WITH TAIWAN THIS PAST YEAR THAN EVER BEFORE ON

SUCH MATTERS AS TARIFFS, INTELLECTUAL PROPERTY RIGHTS, DRIFTNET FISHING, STEEL, FINANCIAL SERVICES, MACHINE TOOLS, TURKEY PARTS, ETC. THESE TRADE NEGOTIATIONS HAVE, FOR THE MOST PART, BEEN VERY SUCCESSFUL IN PURSUING US TRADE OBJECTIVES, AND HAVE INCREASED THE WORKLOAD ON AIT.

AT THE SAME TIME THAT AIT'S WORKLOAD IS INCREASING, OTHER FACTORS ARE ALSO PLACING AN ENORMOUSLY INCREASED PRESSURE ON OUR BUDGET. TAIWAN'S CURRENCY HAS CONTINUED TO APPRECIATE -- FROM 40 NEW TAIWAN DOLLARS TO THE US DOLLAR IN LATE 1985 TO 26 TO 1 TODAY -- AN INCREASE OF OVER 50%. DURING THE PAST YEAR, TAIWAN'S CURRENCY APPRECIATION SLOWED AND AMOUNTED TO SLIGHTLY LESS THAN TWO NEW TAIWAN DOLLARS, BUT EVEN THIS TRANSLATES INTO APPROXIMATELY $500,000 US DOLLARS IN INCREASED COSTS FOR AIT. EVEN MORE IMPORTANT THAN CURRENCY APPRECIATION, HOWEVER, IS THE RAPID INCREASE IN WAGES, RENTS AND PRICES IN THE PAST YEAR. TAIPEI IS NOW ONE OF THE MOST EXPENSIVE CITIES IN THE WORLD. ACCORDING TO STATE DEPARTMENT CALCULATIONS, TAIPEI IS NOW EVEN MORE EXPENSIVE THAN TOKYO, WITH THE PER DIEM RATE NOW AT $209. REAL ESTATE PRICES ARE SKYROCKETING. WE RECENTLY WERE FORCED TO MOVE OUR TRADE CENTER BECAUSE THE RENT FOR THE SPACE WE OCCUPIED HAD SEXTUPLED. NOW, IN OUR NEW LOCATION WE ARE BEING SUBSIDIZED BY TAIWAN'S BOARD OF FOREIGN TRADE BUT HAVE BEEN ADVISED WE WILL HAVE TO BEGIN PAYING FULL RENT IN JANUARY, 1992, AN INCREASE OF $400,000. US PER YEAR. ALL OF OUR OFFICE AND MOST OF OUR RESIDENTIAL RENTS ARE SUBSIDIZED TO SOME EXTENT AND WILL NO DOUBT BE RAISED IN THE NEAR FUTURE SINCE THEY ARE NOW AT ABOUT 15% OF THE GOING MARKET RATES.

OUR $12 MILLION DOLLAR REQUEST MAINTAINS OPERATIONS AT A LEVEL CONSISTENT WITH CURRENT BUDGET CONSTRAINTS, WHILE ALLOWING SUFFICIENT FUNDING TO CARRY OUT THE HIGHEST PRIORITY ACTIVITIES.

BECAUSE OF BUDGET CONSTRAINTS, WE HAVE NOT BEEN ABLE TO COMPLY AS YET WITH THE PROVISIONS OF THE OMNIBUS TRADE AND COMPETITIVENESS ACT. WE PLAN TO COMPLY AS RESOURCES BECOME AVAILABLE OVER THE NEXT FEW FISCAL YEARS.

THE FY 1991 INCREASE INCLUDES $600,000 TO PARTIALLY PAY PAST ARREARAGES FOR OUR LOCAL EMPLOYEES' PENSION PLAN WHICH IS REQUIRED BY TAIWAN'S LABOR LAW OF 1985. THERE WILL REMAIN A $300,000 LIABILITY IN PAST ARREARAGES, WHICH WE WILL ADDRESS IN NEXT YEAR'S BUDGET REQUEST. WE ARE CURRENTLY PAYING $298,000 INTO THE PENSION PLAN ON AN ANNUAL BASIS, AND ARE PLEASED THAT WE HAVE BEEN ABLE TO IMPLEMENT THIS IMPORTANT OBLIGATION TO OUR LOCAL EMPLOYEES.

MR. CHAIRMAN, THANK YOU FOR THE OPPORTUNITY TO OUTLINE THESE CHALLENGES AND ISSUES. WE WOULD BE PLEASED TO ANSWER ANY QUESTIONS THE COMMITTEE MIGHT HAVE REGARDING OUR BUDGET REQUEST.

ADEQUACY OF FUNDING

Mr. **Dwyer**. Thank you, Mr. Laux.

What was your original request to the Department of State? How much did you request?

Mr. **Laux**. Our request to the Department of State was I believe about $16.5 million.

Mr. **Dwyer**. $16.5 million, okay.

Mr. **Laux**. May I turn to my staff for correction on that?

Mr. **Dwyer**. Sure.

Mr. **Laux**. Is it $16.5?

Mr. **Ellis**. $16.4 million.

Mr. **Dwyer**. 16.5?

Mr. **Laux**. It was $16.4.

Mr. **Dwyer**. How much did you ask from OMB?

Ms. **Kent**. We asked for $12.5 million.

Mr. **Dwyer**. And AIT got 12 million. What is going to happen?

Ms. **Kent**. In terms of——

Mr. **Dwyer**. In terms of everything. It looks like we are on the brink of some type of disaster here. I don't think we need to go back over the statement.

Ms. **Kent**. The budgeting for this account was done consistent with the overall Departmental operations, which means that OMB looked at our operations and other operations in the Government and provided us with current services or slightly under current services.

So, clearly, we all have challenges in trying to manage with these kinds of resources.

Mr. **Dwyer**. Given those numbers and facts in Mr. Laux's statement, such as the rent going up six times and things of that nature, this is really going to cause serious problems in the next fiscal year.

Ms. **Kent**. I can certainly appreciate that. Mr. Laux and I discussed this yesterday. As a prudent manager, he is clearly concerned, but my understanding is that he feels he will be able to manage through this next year except for the commercial section. Is that correct?

Mr. **Laux**. Well, I am a good soldier.

I may not be here next year for one reason or another.

Mr. **Dwyer**. You know what they say about volunteers.

Mr. **Laux**. I simply want to make the point, and I hope my statement did it, that we have gotten by and we have been able to provide these services. But we are entering into a new phase in Taiwan and disaster is ahead unless we can do something in the coming years. I am not sure that we can expect much more of currency appreciation. That could happen but it looks like most of that has taken place. The new problem is inflation. The real estate market in Taiwan has just skyrocketed, particularly office space in downtown and residential properties in the Taipei area.

In addition to that, the stock market has gone through the roof out there. People are making money like they have never made before as I think the GNP figures show. This is just leading to inflation. It does also lead to new opportunities for us in terms of trade, however.

Mr. **Dwyer**. I suppose it could worsen after 1995 with Hong Kong—wouldn't more people try to get on to Taiwan with more business activity and shortage of commercial space and so on? We don't see much relief in sight; do we?

Mr. **Laux**. That is looking far ahead, but in the next few years I would expect the inflation on Taiwan to get worse.

May I just address one part of the question that you asked; that is, it seems to me that the two most severe requirements we have hanging over us are the Omnibus Trade Act requirement for a commercial section and then the Taiwan Labor Law Act requiring us to establish this reserve fund.

I think the most serious of those at this point is the commercial section because we have not been able to do that at all. The act requires a section commensurate with the one in Seoul, Korea.

In terms of American staff, Seoul has six officers and one secretary. We have two officers and no secretary. We have managed to put a third officer in there this last year and to hire another part time employee. But that is a jerry-rigged fix which we can't sustain.

I think there was wisdom in that requirement in the Omnibus Trade Act because Taiwan is our fifth or sixth largest trading partner. We are missing certain opportunities.

Taiwan, according to figures from the Department of Commerce, has 20 major projects with a total value of $30 billion, $6 billion of which will be in foreign contracts. We have been getting a good share of the foreign contracts but we are simply not able to pursue these the way we should. We are not able to pursue opportunities in the central part of the island and southern part of the island.

So I hope that somehow in the future we will be able to find money for that.

On the retirement fund, with what we get here and what we have been able to put into it, at least we have that started.

SUPPLEMENTAL REQUEST

Mr. **Dwyer**. One more question, the 1991 authorization for this account is $11,752,000. Has the Department submitted a supplemental authorization request to cover the difference between the budget request and the enacted authorization?

Ms. **Kent**. Mr. Chairman, we have just cleared with OMB and will be forwarding very soon, if it has not reached you already, an authorization bill which covers a number of the accounts in the Commerce, Justice, State bill for which authorization increases need to be made.

Our S&E account, CIO, and others will be in this bill as well as this account.

Mr. **Dwyer**. I am tempted to ask a question off the record.

[Discussion off the record.]

Mr. **Dwyer**. All right, thank you very much for being here.

Mr. **Kent**. Thank you, Mr. Chairman.

Mr. **Laux**. Thank you, Mr. Chairman.

[The following questions were submitted to be answered for the record.]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

Payment to the American Institute in Taiwan

QUESTION: How much was sequestered from your FY 1990 appropriation, and what was the impact of this reduction on your programs?

ANSWER: In FY 1990, $158,000 was sequestered from AIT's appropriation.

As a result, AIT Taipei has had to restrict field travel; curtail its magazine and newspaper subscriptions; delay needed repairs and renovations to office and housing facilities; and postpone needed replacements of outdated information management equipment.

QUESTION: The FY 1991 authorization for this appropriation account is $11,752,000. Has the Department submitted a supplemental authorization request to Congress to cover the difference between the budget request and the enacted authorization?

ANSWER: Yes. The Department has submitted to Congress a request for supplemental 1991 authorization to provide for the request of $12,000,000.

QUESTION: How have recent changes in the value of the New Taiwan dollar affected your costs?

ANSWER: The Taiwan dollar, after rising dramatically against the US dollar in 1987 and 1988, remained relatively steady during calendar year 1989, opening the year at NT$27.75 to one and ending the year at NT$26.15 to one. Even this seemingly modest appreciation of 1.6 New Taiwan dollars is estimated to have cost us 480 thousand US dollars in lost purchasing power. A larger problem for us, however, are the rapidly-rising costs of our rents and other local costs.

QUESTION: What is the current status of your local employees' pension fund?

ANSWER: The local employees pension fund, required by Taiwan's 1985 Labor Act, was established by AIT/T October 1, 1988. At that time it was determined that, since many AIT employees already had many years of service, the fund had an accrued liability (FY 1979-88) estimated at $1,272,000. It was also determined that, beginning in FY 1988, future annual contributions should be paid of $298,000.

AIT's management decided to amortize the liability over a four year period at $318,000 per year. This method resulted in an additional interest cost (the interest lost by not having established the fund earlier) of $102,000 per year resulting in a total annual arrearage payment for each of those four years of $420,000.

On October 13, 1988, AIT managed to deposit $718,000 into the fund, consisting of the FY 1988 annual contribution of $298,000 plus the first of the four $420,000 arrearage payments, although only $242,000 had been earmarked in AIT'S request for the annual contribution. In FY 1989 AIT deposited the annual $298,000 but could not make the second of the four arrearage payments. In FY 1990 AIT will make the $298,000 annual deposit but, again, not the $420,000 arrearage payment. For FY 1991 the arrearage will amount to a total of $1,260,000 (three time $420,000) plus the additional interest which will accrue because of not having made arrearage payments in FY 1989 and FY 1990, and the additional costs incurred because the exchange rate is higher (26 to 1 at present verses 28 to 1 in October 1988). The FY 1991 AIT budget request contains the annual $298,000 contribution plus $600,000 toward the arrearage. The remaining arrearage at the end of FY 1991 will be $749,000 including interest ($15,600) and additional currency appreciation ($73,400).

QUESTION: What action have you taken to comply with the requirement of the Trade Act of 1988 which called for AIT to establish a commercial section commensurate with the one in the U.S. Embassy in Seoul, Korea?

ANSWER: The Seoul Commercial Section has 7 full-time American career professionals -- six Commercial Officers and a Secretary. AIT'S Commercial Unit had only two officers and no secretary. AIT has received no additional funds from Congress or from the Departments of State or Commerce to expand our Commercial Section. Through stop-gap measures we have managed to temporarily augment our staffing slightly. We sought a Commerce Department officer on a temporary secondment in late 1988 and have extended him in Taiwan for an indefinite period of time. We have also retained locally a contract American employee and another temporary American employee (a "PIT") who will reside in Taiwan only until the summer of 1991. However, this is a jerry-built solution we cannot sustain. In short, we can't meet the requirement without funds being appropriated to implement it.

QUESTION: How much in additional resources would you need to comply with this requirement?

ANSWER: We have carefully projected the costs for salaries, allowances and other expenses associated with a 5-person (4 officers, 1 secretary) increase of our Commercial unit. Our estimate, verified by our Taipei office, is that it will require US$ 930,000 in the first year (including start-up costs) and $830,000 each year thereafter.

QUESTION: Why hasn't the Commerce Department provided you with these additional resources?

ANSWER: Mr. David Laux, the Chairman of the Board, and Mr. David Dean, then Director of our Taipei office, met in early 1988 with several senior Commerce Department officers including the Under Secretary for International Trade, the Director-General of the US and Foreign Commercial Service, and the Assistant Secretaries for Policy and for Trade Promotion. They requested that AIT seek the additional funding required directly from Congress rather than having it included in their budget and passed on to AIT.

QUESTION: How much is needed to cover fully the inflation and other mandatory wage and price increases for FY 1991, and how much is included in this budget request for that item.

ANSWER: Our FY 1991 request includes $258,000 for mandatory wage and price increases. This represents about fifty percent of anticipated FY 1991 inflation requirements.

QUESTION: I understand that you are filling the personnel and general services officer positions with temporary employees. Why aren't you filling these positions with permanent employees?

ANSWER: AIT has had a Personnel Officer, hired on a "PIT" basis, since 1981; a series of very talented and hard-working locally-hired dependent spouses have filled the slot. While each has performed commendably, extensive training has been ;required each time there has been a turn-over. AIT's Taipei office has a large and complicated personnel structure, and we feel strongly that our staff deserve the services of an experienced professional personnel officer. We have sought funds to establish such a position in our FY-90 and FY-91 budgets, but it has not been authorized.

Our Administrative Unit struggled with only one GSO until 1983, when a "PIT" position was added to help carry the workload. A locally-engaged American citizen has worked for us in this position ever since. He will be retiring soon, and will need to be replaced. We were fortunate, in 1983, to find someone with years of US Government administrative experience but will not be so lucky this time. It is now desirable, we feel, to professionalize this position as well, and have requested funds to do so. Again, this position was cut from our FY-91 budget request.

TUESDAY, MARCH 13, 1990.

PAYMENT TO THE ASIA FOUNDATION

WITNESSES

L. DESAIX ANDERSON, DEPUTY ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, STATE DEPARTMENT

WILLIAM P. FULLER, PRESIDENT, THE ASIA FOUNDATION

Mr. DWYER [presiding]. The next item that we will consider is the fiscal year 1991 budget request for the Asia Foundation. The request is for $13,978,000 and this amount is an increase of $78,000 above the appropriations provided for fiscal year 1990.

We shall insert at this point in the record the justification materials submitted in support of this request.

[The justifications follow:]

PAYMENT TO THE ASIA FOUNDATION

For a grant to the Asia Foundation, [$13,900,000] *$13,978,000*, to remain available until expended as authorized by 22 U.S.C. 2696(c). *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Note.—Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State and the United States Information Agency may be obligated and expended at a rate not exceeding the rate available for fiscal year 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The following schedules assume the repeal of this provision.

THE ASIA FOUNDATION

FY 1991

SUMMARY STATEMENT

(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
--	$13,700	--	$13,900	--	$13,978	--	$78

I. Summary

The Asia Foundation (TAF) serves long-term American foreign policy interests by assisting the development of democratic, stable and self-reliant societies in Asia and the Pacific Ocean area and by fostering stronger bonds of friendship and cooperation between Asia and the United States. TAF is a privately-governed foundation receiving both U.S. Government and private support. Programs are carried out by resident American representatives in ten field offices in Asia, subject to policy direction and coordination from TAF headquarters in San Francisco. The Foundation also has programs in seventeen other countries, including the People's Republic of China and the island nations of the South Pacific. Out of its General Grant, TAF each year makes over a thousand sub-grants to Asian institutions and organizations. It also directly manages a Books for Asia program which carefully distributes over a million American books and journals each year to Asian recipients; a Translation Service Center in Tokyo which makes available to the American media articles translated from the Japanese press; the Luce Scholars program sending outstanding young Americans to Asia; and a wide range of internships in the U.S. for Asians. The Foundation's Center for Asian Pacific Affairs promotes improved political, economic and cultural relations between the U.S. and Asia through forums and conferences, research and information dissemination. The Center also supports the activities of the U.S. National Committee for Pacific Economic Cooperation.

Included in the Department's FY 1990 appropriation bill (Public Law 101-162) for those accounts under the jurisdiction of the House and Senate Commerce, Justice and State Appropriations Subcommittees is a provision (Section 614 of the Commerce-Justice-State Appropriations Bill) that states that funds appropriated to the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The FY 1990 estimates used in this presentation assume the repeal of this provision.

II. Current Programs

The pace of democratization that began to quicken across the face of Asia a few years ago continues in FY 1990 and will continue in FY 1991, FY 1992 and beyond. Thus, TAF is focusing on programs which support the development of stable democratic institutions and processes - legislative, judicial and executive.

THE ASIA FOUNDATION

II. Current Programs (continued)

The Foundation supports a wide array of such institution-building programs as judicial training and administration programs; voter education and research activities; human rights projects; bilateral forums and training projects on trade and economic issues; and programs coordinated with ASEAN, and South Asian Association for Regional Cooperation.

III. 1991 Plans

By FY 1991, TAF hopes that the conflicts in Afghanistan and Cambodia will have been resolved to the point that it can start to assist popularly-supported governments in those countries to construct and develop democratically oriented institutions. In Afghanistan, TAF will be ready to move its liaison office in Peshawar, Pakistan to Kabul; in Cambodia, the Foundation will be prepared to support either a new coalition government or such groups in Thailand and the U.S. Assistance for both countries will be focused on human rights organizations; legal literacy and public administration training; staff training for justice, finance and foreign ministry personnel; and educational development.

As the government in Laos continues to move away from the Soviet Union and Vietnam towards a more non-aligned position, looking to improve its economic relationship with the West and Thailand, TAF plans to increase its support of Laotian groups seeking economic openness and a democratic orientation. Economists and financial managers will receive training at U.S. and ASEAN-based institutions. Officials from the Ministry of Foreign Affairs and from educational institutions will also receive training aimed at furthering the development of democratic institutions and processes and Western-oriented education.

In nations where the transition to democratic governments continues to evolve, such as Korea, Taiwan, the Philippines, Pakistan, Thailand, Malaysia and Bangladesh, the Foundation will continue efforts to strengthen the basic institutions of representative government - legislative, executive and judicial, as well as promote human rights groups and work to reduce friction between the U.S. and Asian nations over economic and trade issues.

In China, TAF will work to keep the channels of communication open, maintaining contact with institutions in China that may have influence in returning the government to a more moderate, political position.

The FY 1991 request of $13,978,000 represents support for the President's budget and goal of reducing the Federal budget deficit; is in keeping with current budget constraints; and, with judicious management, will allow TAF to continue to achieve its most important program goals.

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The Asia Foundation

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
Asia Foundation				
Operating Activities/ Expenses..........................	$2,525	$2,560	$14	$2,574
Program Grants and Services........................	11,175	11,340	64	11,404
GRAND TOTAL	13,700	13,900	78	13,978

The Asia Foundation

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
4100 GRANTS, SUBSIDIES AND CONTRIBUTIONS.......	$13,700	$13,900	$78	$13,978	$78
Total, Budget Unit	13,700	13,900	78	13,978	78

THE ASIA FOUNDATION

FY 1991

Justification of Program Activities

(dollars in thousands)

	Positions		Funds
	American	FSN	
1991 Request......................	--	--	$13,978

The fundamental justification for continuing public support of The Asia Foundation (TAF) is found in The Asia Foundation Act of 1984 and the findings of Congress that the Foundation, "as a private organization is able to conduct programs that further American interests that would be difficult or impossible for an official United States instrumentality to undertake or carry forward as effectively."

TAF's requested budget for FY 1991 provides support for activities which directly and indirectly serve American foreign policy objectives as follows:

- to encourage the vital processes of democratic institution-building abroad;
- to promote respect for human rights and the rule of law;
- to further commitments to open economies and foreign trade;
- to strengthen American's bilateral relationships; and
- to support regional organizations, such as ASEAN, in their efforts to establish a more stable international order.

In addition, the Foundation's requested FY 1991 budget will advance the U.S. policy objectives outlined by Secretary Baker in his February 1989 testimony to the House Foreign Affairs Committee to:

- achieve an independent and non-aligned government, fully acceptable to the people, in Afghanistan; and
- work for an independent and neutral Cambodia, free of both Vietnamese occupation and the Khmer Rouge.

The level of funding requested for FY 1991 is $78,000 more than that provided for FY 1990. In order to implement its program initiatives, TAF may have to carefully evaluate both its current and planned new programs to determine the priority of each and develop a reprogramming plan for FY 1991 that would limit programs of lesser priority and effectiveness. The resources thus freed up could be used for its program initiatives and enhancements of higher priority. The level of the FY 1991 funding request will allow TAF to continue to achieve all of its most important program goals.

THE ASIA FOUNDATION

The Asia Foundation has an established network of offices and contacts in Asia and the Pacific built up over the past 38 years that cannot be matched by any other American private organization and enjoys to an unusual degree the confidence of influential Asians in both the public and private sectors. Also, the Foundation is cost-conscious and cost-effective.

In planning for FY 1991, TAF will continue playing its traditional low-key supporting role to encourage Asian initiatives and programs which serve Asian needs and are, at the same time, compatible with American ideals and interests.

The FY 1991 programs will focus on the following priorities:

-- Afghanistan: The establishment of a new, popularly-supported government in Afghanistan is a priority U.S. foreign policy interest. As the only American foundation in Afghanistan in the pre-Soviet invasion period and with a program presently in place in Peshawar, Pakistan, TAF has unique opportunities to assist in the reconstruction of governmental, educational and voluntary institutions. The Foundation's Board of Trustees has made a decision to open a field office in Peshawar in the Spring of 1990 to manage the Afghan program. Under appropriate conditions, we would consider a return to Afghanistan.

-- Cambodia: In FY 1991, TAF will support U.S. policy in working towards an independent Cambodia, free of both Vietnamese occupation and the Khmer Rouge. TAF will continue to support the Non-Communist Resistance (NCR) and others working for a new, independent government. A priority will be to provide training to non-communist Cambodians in Thailand and the U.S., equipping these potential leaders with the skills they will require to rebuild a post-settlement Cambodia. The Foundation will also be prepared to work with a Cambodian government that has met conditions for U.S. recognition and will provide human resources training for individuals from the government and non-governmental sectors.

-- Laos: During the past few years, the Foundation has been increasing its support of the Laotian government's moves towards greater economic openness. In FY 1991, TAF will continue efforts to strengthen the basic administrative and legal structures necessary to support a more open economic system. Ministry and Central Bank officials will receive U.S. and third-country training, educators will receive training and support for curriculum development, and various public and private institutions in the provinces will be assisted.

-- Trade and Pacific Economic Cooperation: TAF will continue to work to advance the U.S. agenda on economic and trade issues. In Asia, the Foundation will use its established relationships with finance, trade and economic institutions and leaders to increase Asian awareness of the need to reduce protectionist barriers and expand protection of intellectual property. In the U.S., TAF's Center for Asian Pacific Affairs will address policy issues through research, seminars, and conferences. The Foundation will also continue to be the primary supporter of the U.S. National Committee for Pacific Economic Cooperation.

THE ASIA FOUNDATION

-- Democratic Institution Building: In Asia, despite the great setback in China, the overall pace of democracy is advancing. Still, as the events in China demonstrate, these movements can be reversed, and TAF will provide continuing, strong support for those nations taking the initial steps toward democracy. In FY 1991, the Foundation will be working with nearly every national parliament in Asia to provide assistance in developing legislative information and research services, training programs for staff and legislators, legislative fellowship programs, and improved committee and hearing procedures.

-- The Administration of Justice and Human Rights: As a result of momentum generated by a series of Asian and Pacific-wide conferences and consultancies on court administration, TAF has more opportunities than ever before to assist Asians in the development of more fair and efficient judicial systems. In FY 1991, TAF will work with nearly every judiciary in Asia to develop training programs, more effective administrative procedures, and alternative means of dispute resolution. Also in FY 1991, TAF will build upon its extensive human rights program by providing additional support for regional, national, and local associations and organizations to expand and diversify their activities. These groups will conduct legal outreach and education programs, research, seminars, conferences, and investigation into human rights abuses. They will support the rights of women, ethnic and religious minorities, the landless, and other disadvantaged groups.

-- Free and Fair Elections: Functioning democratic institutions such as legislatures and parliaments are of little use if their membership does not reflect the true will of the people. The Foundation will continue to work with election commissions, election-monitoring groups, and voter education organizations to insure that elections are free and fair.

-- Democratic Pluralism: TAF views the development of democratic pluralism one of the most important processes taking place in Asia today. In FY 1991 the Foundation will work with indigenous non-governmental organizations representing women, ethnic and tribal groups, and other politically isolated groups to improve the conditions of their constituencies and effect changes in the political process as it relates to them.

-- New Leaders: In the 1990s, the older generation of Asian leaders will be largely replaced by a new generation of leaders, many of whom are former Asia Foundation grantees. This change will have long-term implications for the U.S. and represents an important opportunity to further strengthen Asian institutions of democracy through TAF's already established network in Asia. TAF will provide fellowships and internships in the U.S., attendance at regional and international conferences, and in-country institutional assistance for these future leaders.

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General Statement

Mr. **Dwyer**. Here to testify in support of this request is Desaix Anderson, Deputy Assistant Secretary, Bureau of East Asian and Pacific Affairs, and Mr. William T. Fuller, President of the Asian Foundation.

Secretary Anderson, since this is your first time before the Subcommittee, we will insert your biographical sketch into the record.

[The information follows:]

Biographic Sketch of L. Desaix Anderson

L. Desaix Anderson, born February 2, 1936, grew up in rural Mississippi. He graduated from Princeton University in 1958 with a major in history and did graduate work in European literature at the University of California (Berkeley). Following two years of Navy service in the Pacific as a LTJG (reserve) he managed a family farm in Mississippi.

Mr. Anderson joined the Foreign Service in September 1962. He served at the U.S. Embassy in Kathmandu as General Services Officer, then was assigned to USAID's provincial programs in Vietnam. He later worked on the revolutionary development program in Vietnam, 1964-67. Mr. Anderson was subsequently assigned to the Vietnam working group in the Department of State. He was assigned to Taipei, and then to Tokyo as a political officer working on external affairs. In 1977, he was assigned to the Political-Military Bureau in the Office of International Security Affairs, working on NATO and Middle East issues.

During 1977–80, Mr. Anderson served as the chief Indochina watcher and deputy Political Counselor in the Political Section of the U.S. Embassy in Bangkok. He became Country Director for the East Asia Bureau's Vietnam, Laos and Kampuchea office in July 1980 and in July 1983 became the Bureau's Country Director for Japanese Affairs. Mr. Anderson was appointed Deputy Chief of Mission of the U.S. Embassy in Tokyo in June 1985. On August 28, 1989, he assumed his duties as Principal Deputy Assistant Secretary in the Bureau of East Asian and Pacific Affairs.

Mr. Anderson was awarded meritorious honor awards for service in Vietnam and Tokyo. He received superior honor awards for his performance as Country Director for Japan and in Bangkok for his work on Indochina. He speaks French, Chinese, Vietnamese, Thai and Japanese.

Secretary Anderson and Mr. Fuller, since this is the first time before the Subcommittee for each of you, we will insert your biographical sketches into the record.

Biographic Sketch of William P. Fuller

PRESENT POSITION

July 1989—Present: President, The Asia Foundation, San Francisco California.

OTHER EXPERIENCE

1987–1989: Deputy Assistant Administrator, Bureau for Asia and Near East, USAID.

1981–1987: Mission Director, USAID/Indonesia.

1977–1981: Representative, The Ford Foundation, Dhaka, Bangladesh.

1976: Visiting Lecturer, Comparative Education Center, University of Chicago.

1971–1976: Planning and Research Advisor to National Education Commission and Ministry of Education, Ford Foundation, Bangkok, Thailand.

1970–1971: Consulting Economist, World Bank, UNESCO.

1967–1970: Ph.D. Program, Stanford University, California.

1966–1967: Regional Planning Officer, UNICEF, Beirut, Lebanon.

1964–1966: Planning Officer and Assistant to Deputy Director, UNICEF, New York.

1962–1964: Program Officer, UNICEF, Cairo, Egypt.

EDUCATION

1967–1970: Stanford University Economics/Education, Ph.D.

1964: Stanford University, M.A.

1962: Harvard University, Graduate School of Business Administration, M.B.A.

1960: Stanford University, B.A.

LANGUAGES

Indonesian: S-3, R-2+ (tested, 1983).

French: S-2+, R-3 (self-appraised, 1981).

Thai: S-2, R-0 (self-appraised, 1981).

PERSONAL DATA

Date of Birth: June 13, 1938.

Mr. **Dwyer**. You may proceed with your statement and then we will be glad to have a statement from Mr. Fuller.

Mr. **Anderson**. Thank you, Mr. Chairman.

With your permission, I would like to give an abbreviated version and submit the entire testimony for the record.

It is a pleasure to appear before you today and testify in support of the Administration's fiscal year 1991 request of $13.978 million for The Asia Foundation. The Department of State holds this organization in the highest regard, and we believe it is making outstanding contributions to the advancement of our country's long-term foreign policy interests in Asia and the Pacific.

The Department and the Foundation have excellent working relations both in Washington and between our ambassadors and the Foundation's country representatives. The partnership between our two organizations is important and should be continued.

GOALS AND OBJECTIVES

Within the framework of U.S. foreign policy, the Foundation's principal long-term goal is to support the development of more open, just and democratic societies. Its objectives are to help build democratic institutions, strengthen support for human rights, contribute to the development of more open trading and investment systems, and further U.S.-Asian relations.

These objectives are highly pertinent to the Department's interest in Asia.

SPHERE OF WORK

The Department views the Foundation's role and contributions as an important complement to official U.S. Government efforts. The Foundation's distinctiveness and effectiveness reflect its many years of experience in Asia, the trust and high regard it is accorded by people in the countries in which it works, the support of host governments, its reliability and willingness to provide long-term support, and its sensitive approach which ensures that projects reflect Asia's diverse and changing circumstances.

Moreover, because of its private, flexible character, the Foundation is able to carry out programs the U.S. government is simply unable to undertake.

As Secretary Baker stated in his recent testimony to the Senate Foreign Relations Committee, the United States' first and preeminent challenge is consolidating democracy.

The Asia Foundation's program to help build democratic institutions is the most active and comprehensive private American program in this field in Asia. The Foundation is currently funding over 200 projects in 22 countries.

Funds are used to finance technical assistance, formal training, books and equipment, and observation visits for several purposes—furthering free and fair election processes, helping elected national parliaments and provincial legislatures function more effectively, developing independent judicial systems, improving court administration, opening the media, and strengthening non-governmental organizations, including environmental, consumer and women's groups.

These institutions are the building blocks of democratic systems, and their development and strengthening require long-term investments.

FISCAL YEAR 1991 PLANS

The Department strongly endorses the Foundation's Fiscal Year 1991 plans to expand support for the building of democratic institutions in countries of the region; to continue support for human rights organizations; to expand the bilateral series to include additional countries; and finally to move forward with its agenda to help support economic liberalization in the region by improving relevant law, strengthening protection of intellectual property rights, and continuing support for the PECC.

In addition, the Department is encouraging the Foundation to provide support to other countries, such as Mongolia, which have demonstrated early signs of democratic interest.

Also, the Department will welcome the Foundation's contribution and experience in other Indonesia states and Afghanistan, when appropriate.

SUPPORT FOR THE ASIA FOUNDATION

The Foundation's programs are supported by Congress' annual general grant and also by funds raised from other sources. A basic support grant is essential. It permits the Foundation to have the financial stability to implement long-term programs, and to attract supplementary financial support. According to Foundation records this year, private giving, including cash gifts and the dollar value of the Foundation's book program, will exceed the $13.9 million general grant appropriated by the U.S. Congress this past year.

In closing, Mr. Chairman, we urge strong Congressional support for the Foundation. Because of our policy interests in Asia's stability and prosperity, and the growing interest in democratic systems in countries of the region, the Foundation is well positioned to deepen and expand its program. It is a respected and trusted partner in countries in Asia.

Because of its accomplishments and potential impact, its increasing ability to leverage matching support, its distinctive mandate, and its efficient cost-effective operation, the Foundation is the most valuable private organization furthering U.S. foreign policy aims in Asia today.

[The prepared statement of Mr. Anderson follows:]

DEPARTMENT OF STATE'S STATEMENT ON THE ASIA FOUNDATION
HOUSE APPROPRIATIONS SUBCOMMITTEE FOR COMMERCE, JUSTICE, STATE, THE JUDICIARY AND RELATED AGENCIES

DESAIX ANDERSON
PRINCIPAL DEPUTY ASSISTANT SECRETARY OF STATE
BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS

It is a pleasure to appear before you today and testify in support of the Administration's FY91 request of $13.978 million for The Asia Foundation. The Department of State holds this organization in the highest regard, and we believe it is making outstanding contributions to the advancement of our country's long-term foreign policy interests in Asia and the Pacific. The Department and the Foundation have excellent working relations both in Washington and between our Ambassadors and the Foundation's country representatives. The partnership between our two organizations is important and should be continued.

As you know, Mr. Chairman, the Foundation is a private, grant-making organization with ten offices in Asia, experienced field staff, remarkable access to a wide spectrum of Asian leadership, and more than 36 years of experience in Asia.

Within the framework of U.S. foreign policy, the Foundation's principal long-term goal is to support the development of more open, just and democratic societies. Its objectives are to help build democratic institutions, strengthen support for human rights, contribute to the development of more open trading and investment systems, and further U.S.-Asian relations. These objectives are highly pertinent to the Department's interests in Asia.

The Department views the Foundation's role and contributions as an important complement to official U.S. Government efforts. The Foundation's distinctiveness and effectiveness reflect its many years of experience in Asia, the trust and high regard it is accorded by people in the countries in which it works, the support of host governments, its reliability and willingness to provide long-term support, and its sensitive approach which ensures that projects reflect Asia's diverse and changing circumstances. Moreover, because of its private, flexible character, the Foundation is able to carry out programs the U.S. government is simply unable to undertake.

Let me comment briefly on the Foundation's program and record of achievement, and then turn to our FY91 request.

As Secretary Baker stated in his recent testimony to the Senate Foreign Relations Committee, the United States' first and preeminent challenge is consolidating democracy. The Asia Foundation's program to help build democratic institutions is the most active and comprehensive private American program in this field in Asia. The Foundation is currently funding over 200 projects in 22 countries. Funds are used to finance technical assistance, formal training, books and equipment, and observation visits for several purposes -- furthering free and fair election processes, helping elected national parliaments and provincial legislatures function more effectively, developing independent judicial systems, improving court administration, opening the media, and strengthening non-governmental organizations, including environmental, consumer and women's groups. These institutions are the building blocks of democratic systems, and their development and strengthening require long-term investments.

A few examples of the Foundation's contributions in this area include the following:

The Foundation is funding efforts to strengthen parliaments in Indonesia, Pakistan, Philippines, Bangladesh, Korea, Thailand and Taiwan through member and staff training, development of research and information services, and public education. In the Philippines, Foundation support enabled the Institute of Judicial Administration to train 200 judges, thereby speeding up litigation and resulting in a substantial reduction of court delay. Prior to the non-partisan December election in Taiwan, the Foundation provided financial support to the Clean Election Coalition for the training and placement of election observers, marking the first time in the history of Taiwan that an independent body was allowed to monitor elections.

Human rights is a cornerstone of American foreign policy and the Foundation is a principal funder of Asian human rights organizations. In nearly every country in which it works, the Foundation assists indigenous organizations that provide public education on basic human rights; legal assistance to women, farmers, and other disenfranchised groups; forums for government-citizen dialogues on human rights; and human rights watchdog committees. Grants are used to train staff, develop management systems, produce education materials, and cover the cost of outreach programs. An example is the Bangladesh Society for the Enforcement of Human

Rights supported by the Foundation, which now has more than 200 legal aid branches throughout the country. On a regional level, the Foundation supports conferences, research, publications and monitoring efforts on human rights, including the Human Rights Observer program of the Law Association for Asia and the Western Pacific.

In another area of foreign policy interest, the Foundation supports the U.S. Government's goal of promoting greater Pacific economic cooperation and more open international trading systems. The Foundation is a primary source of support for the U.S. National Committee for Pacific Economic Cooperation, which, in close consultation with the Department, is currently helping to define significant issues for the Asia Pacific Economic Conference (APEC) Ministerial Forum. In addition, the Foundation supports the PECC's Agricultural Task Force, which is examining a range of regional agricultural trade issues, and sponsors and publishes annually the Pacific Economic Outlook. This document, which examines the economies of 15 Asian and Pacific nations, was singled out at the first APEC Ministerial Meeting in Canberra, Australia, as an important reference for Pacific economic cooperative efforts. Country programs supported by the Foundation include policy research and institutional development supporting free enterprise -- for example, funding the initial staff training, technical assistance, and preparation of plans for computerization for the Thai Stock Exchange. Another example is the recent review in Pakistan of privatization issues, critical as the government proceeds to open broader participation in private sector economic development.

The Foundation's bilateral forum series has been extremely valuable, and their organization and usefulness receive high marks from our Ambassadors. These meetings--held with Korea, the Philippines, Indonesia, Thailand, Pakistan, and the South Pacific Island nations--bring together senior government officials, influential businessmen, distinguished scholars, and representatives of the media in an open and candid exchange of views on the state of bilateral relations. They facilitate discussion of innovative solutions to current problems and the resolution of potential disputes in a atmosphere of informality, unencumbered by official positions. These meetings have included participation by members and staff of Congress, and senior ranks of the Department, NSC, DOD, U.S. think-tanks, and representatives of U.S. business and major U.S. universities.

Finally, Mr. Chairman, the Foundation has been very helpful in supporting our interests this past year in Laos and among non-Communist Cambodian communities along the [illegible]i-Cambodian border. As a private, flexible organization, the Foundation was able to move quickly to resume programs in Laos in 1989, the first private American organization to do so. Furthermore, based upon important new developments in Afghanistan and in the South Pacific region, the Foundation has responded accordingly by announcing plans for two new offices.

In coming years, I believe we will witness increasing calls for democracy and liberalization in Asia, and will see movement toward more democratic systems. The transitions now underway in Thailand, the Philippines, Pakistan, Taiwan, and Korea foreshadow these coming changes and recent events in Nepal and Mongolia reveal the potential for similar developments in other countries. An essential part of these transitions will be the steady development of democratic institutions, and that is one of the Foundation's major purposes. The time could not be better for a strong well-funded Asia Foundation. Because of its many years of experience and field presence, this American organization is well positioned to assist countries in the region develop and strengthen representative government, legislatures, and judicial systems.

The Department strongly endorses the Foundation's FY 91 plans to expand support for the building of democratic institutions in countries of the region; to continue support for human rights organizations; to expand the bilateral series to include additional countries; and finally to move forward with its agenda to help support economic liberalization in the region by improving relevant law, strengthening protection of intellectual property rights, and continuing support for the PECC. In addition, the Department is encouraging the Foundation to provide support to other countries, such as Mongolia, which have demonstrated early signs of democratic interest. Also, the Department will welcome the Foundation's contribution and experience in other Indochina states and Afghanistan, when appropriate.

The Foundation's programs are supported by Congress's annual general grant and also by funds raised from other sources. A basic support grant is essential. It permits the Foundation to have the financial stability to implement long-term programs, and to attract supplementary financial support. According to Foundation records this year, private giving, including cash gifts and the dollar value of the Foundation's book program, will exceed the $13.9 million general grant appropriated by the U.S. Congress this past year.

In closing, Mr. Chairman, we urge strong Congressional support for the Foundation. Because of our policy interests in Asia's stability and prosperity, and the growing interest in democratic systems in countries of the region, the Foundation is well positioned to deepen and expand its program. It is a respected and trusted partner in countries in Asia. Because of its accomplishments and potential impact, its increasing ability to leverage matching support, its distinctive mandate, and its efficient cost-effective operation, the Foundation is the most valuable private organization furthering U.S. foreign policy aims in Asia today.

Thank you.

Mr. DWYER. Mr. Fuller.

Mr. FULLER. Mr. Chairman, I propose to submit my full written statement and take just four or five minutes to highlight a couple of points that have been made.

ASIA FOUNDATION PROGRAM OBJECTIVES

First let me begin by returning to the Foundation's major objectives for the 1990's. They are first to strengthen basic democratic institutions, institutions that include, for example, parliaments, judiciaries, citizens groups, electoral institutions. Second, to support the development of economies and open trading systems, and third, to strengthen U.S. Asian bilateral and regional relations.

In pursuit of these objectives, as Mr. Anderson has just said, the Foundation enjoys a very close working relationship with the Department of State.

SUMMARY OF FY 1991 REQUEST

In view of funding requests in the past, we were pleased that the department approved a guide figure for us for FY 1991 of $16.2 million and later submitted that figure to OMB. That figure was reduced to $13.978 in the Administration's final budget, nearly the same level that the Foundation has received for the past three fiscal year years.

As President of a private organization my responsibility is to put forward what we see as our case for financial support even though that request may differ somewhat from colleagues in the Administration. I hope you will accept my comments in that light.

We have put forward a program for fiscal year 1991 of $18 million, the same level authorized by the Congress for 1991.

A brief comment on that proposal. First, the Foundation is seeking increased support to expand and deepen its work to strenthen democratic institutions.

The demand for increased democracy and the pace of change in Asia may not parallel what we see in Eastern Europe but in Asia's historical political social and cultural context the changes that are underway are certainly important ones.

It is clear that hard cases remain, but in the 1980's we saw democratic systems begin to emerge in significant ways in Pakistan, the Philippines, Korea and Taiwan. In Thailand representative government was strengthened. In countries such as Burma, Nepal, Mongolia and China there were calls for democracy and that spark has not been extinguished. Managing transitions to more political openness is a long-term and complex proposition and it is very much in the U.S. interest that these transitions are as peaceful and stable as possible.

One thing is for sure, Mr. Chairman, these transitions require skilled leadership, they require an informed public, and they require strong democratic institutions, and that is precisely what the Asia Foundation is all about.

Second, the Foundation is requesting additional funding to expand programs that contribute to strengthening economic liberalization efforts and more open trade and investment environments. We believe, as others do, that economic issues will strongly affect our relationships in the region in the 1990's.

Third, the proposal calls for a modest expansion in such areas as Laos, the Cambodian Camps, Afghans in Peshawar. We are also proposing a significant increase for the South Pacific.

Fourth, to help improve bilateral relations, the Foundation is proposing to expand its bilateral forum series that most of you are aware of.

Over 200 American and Asian leaders have participated in these discussions that have been held with Thailand, Pakistan, Korea and Indonesia. The Philippines, Japan and Malaysia have expressed interest in undertaking similar dialogues.

Finally, Mr. Chairman, the Foundation is seeking in fiscal year a 1991 budget increase to meet rising costs. I know you have heard this before. Appropriations for the Foundation in fiscal year 1988 and fiscal year 1989 were held at $13.7 million.

In 1990 they were bumped up to $13.9 but as a result of sequestration we will actually have more like $13.7. The Foundation has lost about 18 percent of its purchasing power as a result of inflation over this past three-year period.

We, too, have salary adjustments that need to be made and we have rising costs in some of our overseas offices.

In conclusion, Mr. Chairman, because of U.S. policy interests in Asia's stability and prosperity, the growing interest in democratic systems in countries within the region, the challenges of managing difficult transitions to more open political systems, and the enormous importance of Asia for U.S. economic interests, in our view now is the time for the Foundation to deepen and expand its programs.

A window of change and opportunity is open in Asia but the democratic movements that are emerging are fragile as we have seen in the case of the Philippines.

We believe that this is a time to strengthen American support for democracy and economic liberalization in Asia and the Foundation as a cost effective private American organization is ready to do its part in that process.

The Foundation has deeply appreciated the support of this committee in the past and I have appreciated being here to testify today.

I would be happy to answer any question now or for the record.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Fuller follows:]

STATEMENT OF WILLIAM P. FULLER
PRESIDENT, THE ASIA FOUNDATION

BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND RELATED AGENCIES

March 13, 1990

Mr. Chairman and Members of the Subcommittee:

It is a pleasure to appear before you today and testify in support of The Asia Foundation's budget request for FY91. This is my first appearance before the Subcommittee as the Foundation's new President, but I am well aware of the important support that this Subcommittee has provided to the Foundation in the past and the confidence it has expressed in the Foundation's purposes and programs.

The Foundation's Mandate and Strengths

As you are aware, Mr. Chairman, the Foundation is a private, grant-making organization with over 36 years of experience in Asia. With U.S. foreign policy interests in view, the Foundation's principal goal is to support individuals and institutions in Asia striving for more open, just, and democratic societies. More specifically, its major objectives are to:

- Strengthen basic democratic institutions, including parliaments, independent judiciaries, citizens' groups and other non-governmental organizations;
- Encourage the rule of law and respect for civil and human rights;
- Support the development of market economies and open trading systems; and
- Strengthen U.S.-Asian bilateral and regional relations.

Tailored to local conditions, the Foundation's projects range from support for a variety of government and non-governmental institutions, to training and internships for individuals. Foundation funds, appropriated by the Congress, are used to finance training, technical assistance, institutional support, policy research, books and equipment, study visits, conferences and publications. Grant programs are developed, managed and evaluated by the Foundation's 10 offices in Asia [see Table 3] and its San Francisco Headquarters.

Since assuming the Foundation's Presidency in July, 1989, I have had an opportunity to visit all but two of the Foundation's field offices in Asia. I have met a wide range of Foundation grantees, visited principal Asian institutions receiving Foundation support, and discussed the Foundation's programs and potential with national leaders in Asia and the U.S. I have been impressed by the following:

The importance of the Foundation's mandate. The Foundation has been promoting democratic ideals and helping to lay the groundwork for democratic change in Asia for many years. These investments are now paying off. They are contributing, I believe, to better understanding of democratic processes, progress in strengthening judiciaries and legislatures, and more effective non-governmental organizations such as consumer, human rights and environmental groups.

The Foundation's ability to work effectively in Asia. With a network of small offices in Asia and with informed, experienced staff, the Foundation has an ability to respond to opportunities quickly and creatively, and to respect diversity and local sensitivities.

The Foundation's tangible contributions. The Foundation's long-term commitment and focus on helping to build permanent institutions and training young leaders result in practical and lasting changes.

The Foundation's reputation as a trusted and reliable partner. This gives it remarkable access to people, institutions and leadership, from locally based private voluntary organizations to top government officials.

The FY91 Proposal

With these strengths in mind, let me turn to the Foundation's FY91 budget proposal. In May 1989, the Foundation submitted a request of $20 million to the Department of State. In the fall, the Department submitted a request to OMB of $16.2 million, which was reduced to $13.976 million in the Administration's FY91 budget request. Last month, Congress authorized $18 million for the Foundation.

In view of the changes underway in Asia, particularly the increasing interest being expressed in democratic systems, the desirability of developing more open market economies and trade regimes in the region, and the importance of U.S. encouragement and support for these changes, we believe it is essential for the Foundation to expand and deepen its programs now. The Foundation has therefore prepared a program budget for FY91 of $18 million.

Tables 1 and 2, which are appended to this statement, set out in broad terms the Foundation's plans for allocating the $18 million. The bulk, $7.4 million, would go to developing and strengthening democratic institutions, including representative government, protection of human rights, private voluntary agencies, law and the judiciary, media and the press, and public administration. The second largest amount, $2.5 million, would be allocated to projects concerned with economic and trade issues. Slightly smaller amounts would go to bilateral relations, regional programs, and Books for Asia. In terms of country allocations, the largest programs would be in the Philippines, Pakistan, the Pacific Islands nations, Thailand, and Indonesia.

The increase of $4.1 million over the Foundation's FY90 appropriation of $13.9 million is based on the following considerations:

- Recent developments in Asia present new opportunities for Asia Foundation programs that reflect U.S. foreign policy priorities;
- The Foundation brings distinctive strengths and a strong performance record;
- The Foundation is efficient and cost-effective; and,

- The Foundation's program budget has remained virtually constant at $13.7 million for the past three fiscal years, and has been eroded by inflation.

Let me review our program opportunities and budget justification in some detail.

1. Democratic Institutions

The Foundation is proposing an additional $2 million to enhance its support for building and strengthening democratic institutions in countries where democracy is emerging, and to encourage democratic movement where there have been setbacks or little progress. This goal is a priority for the Foundation in the 1990s and is in line with the Secretary of State's first of five priority challenges for the 1990s -- consolidating and institutionalizing democracy.

The additional funds will be used in country and regional programs to strengthen free and fair elections, civic education, human rights groups, national parliaments and provincial legislatures, independent judicial systems and improved court management, open media, and non-governmental organizations that are essential for democratic, pluralistic societies.

Priority will be given to considerably expanding programs to strengthen democratic institutions in the Philippines and Pakistan, modestly increasing programs in Taiwan and Korea, and continuing Foundation support for Thailand, Indonesia, Bangladesh and Malaysia. We also expect to begin programs in Mongolia, which has recently requested Foundation assistance, and increase support for Nepal. We stand ready to assist Sri Lanka in this field should conditions permit.

The demands and response to appeals for increased democracy and the pace of change in Asia are unlikely to resemble recent breathtaking events in Eastern Europe, but in Asia's political, cultural and historical context, the changes underway are nonetheless dramatic. To be sure, hard cases remain, but, during the later part of the 1980s, democratic systems began to emerge in significant ways in Pakistan, the Philippines, Taiwan and South Korea. In Thailand, representative government grew stronger. Popular calls for democracy were voiced in Burma, Nepal, and China, and despite repression, the spark has not been extinguished. The transitions in societies outside of Asia, continued strong economic growth in Asia, plus the impact of modern telecommunications will heighten public expectations in Asia and may accelerate the changes that have started.

The challenge for U.S. foreign policy will be to ensure that these transitions are as peaceful and productive as possible. Agreements to shift from authoritarian to more liberal systems may be the easiest part of the process. In many countries, age-old traditions of centralized authority, personal rather than institutional loyalties, narrow concepts of civil and political rights, poor public education, weak judicial systems and legislatures, rigid government bureaucracies, and a limited set of private organizations not only work against initial changes for increased popular participation, but complicate the transition to strong and stable democratic institutions. Managing the transition is a long-term and complex proposition. But one thing is for certain -- it requires skilled leadership, an informed public and the development of strong, democratic institutions.

In a way, then, it can be said that the Foundation's time has come. Never has there been more receptivity or more requests for Foundation assistance. With its many years of on-the-ground experience supporting democratic institutions, the respect with which it is held in Asia, and its extraordinary access to Asian leaders, the Foundation is perfectly positioned to deepen and expand its program in response to a growing interest in democratic systems in countries of the region.

2. Economic Liberalization

The Foundation is requesting an additional $700,000 to expand programs that contribute to strengthening economic liberalization efforts and more open trade and investment environments in the region. Fostering market principles is the Secretary's second major foreign policy challenge in the 1990s. As he has said, "political and economic liberties go hand in hand...free and open markets are the key to broad-based and sustainable economic growth."

We believe, as others do, that economic issues will strongly influence the U.S. foreign policy agenda and Asia's bilateral relations with the U.S. in the 1990s. They will will also influence the nature of political relationships in the region.

The Foundation plans to address economic issues within both its country and regional programs. Turning first to country issues, progress in developing open markets and the private sector is remarkably varied across Asia. While there has been movement toward economic liberalization, serious obstacles remain. Major policy issues remain to be addressed, such as streamlining investment licensing, deregulating banking controls, and reducing tariff and non-tariff trade barriers. In some countries institutions necessary for open-market operations, such as capital markets, are still relatively weak. Furthermore, the legal underpinnings of economic reforms need to be strengthened; intellectual property rights, environmental law, anti-trust, commercial codes and alternative dispute resolution are examples. Finally, liberalization efforts have tended to focus on industry, paying little attention to a large and vital sector in most economies, the informal sector.

In supporting open-market economies, the Foundation proposes to concentrate on three areas in its country programs: supporting selected policy analysis and institutions, strengthening the law as it affects economic reform and its administration, and helping to develop non-governmental organizations to strengthen the performance of the informal sector.

Regionalism, defined as increasing multilateral efforts to resolve economic and policy issues, will also receive increased Foundation attention and assistance in the coming year. The vibrant economies of the Pacific Basin are producing greater economic opportunity, but at the same time, tensions are growing. Thus in recent years there have been efforts to develop mechanisms and processes to overcome obstacles and promote trade and economic activity.

Regional dialogue is essential, and with this objective in mind, the Foundation proposes to continue support for the development of the Pacific Economic Cooperation Conference. This organization, which is concerned with trade, investment, and other economic issues, is composed of national committees from 15 countries, made up of government officials, business representatives, policy centers, and institutions). The Asia Foundation has been the primary financial supporter of the U.S. National Committee for Pacific Economic Cooperation since its inception in 1984. It has also coordinated and supported PECC-wide projects such as the first Pacific Trade Policy Forum, the Pacific Economic outlook, and the Agricultural Trade Negotiations Group. With the Secretary's initiative to strengthen Asia Pacific Economic Cooperation, it is likely that PECC will be called upon to play an even stronger role in the future. The Asia Foundation will support the APEC initiative not only through PECC, but also by assisting Asian and American research institutions and policy centers to develop databases and policy recommendations.

Examples of other regional issues that the Foundation will address include supporting the development of cooperative programs on environmental issues and working with the Association of Southeast Asian Nations (ASEAN) to develop a mechanism for resolving U.S.-ASEAN trade disputes.

3. Geographic Programs

The Foundation's proposed FY91 budget also reflects modest program expansion in the following geographic areas:

a) Pacific Islands

Following up its report to the Subcommittee last year, and at the urging of the Department of State, the Foundation is expanding its programs with the nine island nations of the South Pacific. From FY88 to FY89, the Foundation's program increased by 50 percent to $441,000. In view of the increased size of the program and the large geographic area that it covers, the Foundation plans to open an office in the South Pacific and have a Representative in place this summer.

Program priorities in the Pacific Islands will be to develop indigenous capabilities in education, the judiciary, and diplomacy, and to promote economic liberalization and free-market trading systems. To respond effectively to these policy priorities in nine nations spread over one-eighth of the world's surface, the Foundation is seeking a budget increase of $200,000.

b) Laos

In consultation with the Department of State, the Foundation resumed programs in Laos in 1989, one of the first U.S. donors to do so. U.S. policy is to encourage integration with the community of Southeast Asian nations, as well as activities that could lead to more representative government in the future. The Foundation's strategy is to support these developments through leadership training, assistance for selected institutions, and study tours in the region.

Projects approved in 1989 included support for senior staff from the Ministry of Economics to visit Thai economic and management organizations, diplomatic training in ASEAN programs, observation tours for the staff of the country's only institution of higher education (Dong Dok Teacher's College), English-language training, and a books program for the People's Assembly and the National Library.

As expected, these initial grants are leading to follow-up requests, for example, for the training of Laotian diplomats; the creation of a businessmen's Chamber of Commerce; the training of the policy research staff of the Ministry of Economics, Finance and Planning; and the elevation of Dong Dok to university status. The Foundation is proposing a budget increase of $200,000 over FY90 to meet these follow-on requirements.

c) Cambodia

The Foundation's broad objectives are to train people in the non-communist refugee camps who have leadership potential, preparing them for a possible return to Cambodia; to promote respect for human rights; and to strengthen groups that could be involved in national development work once a political settlement is concluded. Recent grant activities include a seminar on human rights; a tour for Cambodians of Thai local, provincial and national institutions; the translation and publication of a basic Khmer business textbook; skills training for leaders of non-governmental organizations; and facilitate contacts between Khmer and Thai Buddhist monks.

With encouragement from the Embassy in Bangkok, the Foundation is exploring further leadership and skills-training programs. An additional $100,000 is proposed for FY91.

d) Afghanistan

Despite uncertainty about the future of Afghanistan, the Foundation's broad goal is to help prepare for the country's eventual reconstruction. Currently, the Foundation is supporting a private organization that is coordinating the efforts of non-governmental organizations, the Women's Resource Center, and the Afghan University Professors Association. In FY91, the Foundation plans to develop new programs to provide public administration and business training; to help establish professional ties in South and Southeast Asia; to support research by Afghans to determine the economic and demographic basis for reconstruction training; and to facilitate the translation and publication of instructional materials in key fields relating to reconstruction. For these activities, the Foundation proposes an additional $100,000 in FY91.

4. Center for Asian-Pacific Affairs

The Foundation is requesting an additional $100,000 to expand the activities of the Foundation's Center for Asian and Pacific Affairs. CAPA is the policy research and conference arm of the Foundation, and its mandate is to help strengthen U.S.-Asian bilateral and regional relationships.

Since its inception, CAPA has sponsored a series of 12 major bilateral forums (three each with Korea, Thailand, Pakistan and Indonesia). These meetings have been co-sponsored with cooperating Asian policy centers in each country. They are deliberately designed as a series to monitor the health of the U.S. bilateral relationships with these countries. They are comprehensive in scope, addressing significant elements of the relationship in order to achieve a balanced view and understanding on both sides. Participation involves senior government officials, parliamentary and Congressional staff, businesspersons, journalists, and academics. Discussions are informal and off-the-record in order to ensure candor.

Over 200 American and Asian leaders have participated in these forum series. An external review and evaluation commissioned by The Asia Foundation concluded that the series is distinctive (no other institutions are conducting similar programs) and effective. The evaluation found that the forums contributed to improved understanding and the enhancement of U.S. bilateral relations in Asia at a critical time in those respective relationships. Additional bilaterals are proposed for FY91.

In the coming year, CAPA will also be developing a major project to enhance the Foundation's support for democratic institution-building. This project will involve Asian intellectuals and American specialists in an on-going analysis of democratic developments in Asia and likely next steps.

5. Impact of Asia Foundation Programs

Another reason to increase funding for the Foundation is that the Foundation is producing results. Here are a few examples:

a) Democratic Institutions

- In Korea, where democratic institutions are relatively new, the Foundation funded voter education campaigns, the training of election analysts, and the training of a group of election managers. A Foundation supported book, Elections in Korea, which laid out the studies of the electorate's preferences, was recently named the book of the year by the Korean Political Science Association.
- In Taiwan, the Foundation supported the Clean Election Coalition in its efforts to monitor election procedures. This organization was given widespread credit during the December 1989 election.
- In Pakistan, since 1985 the Foundation has supported the development of a Research and Information Service for National Assembly. Staff were trained, automation equipment was installed, books and periodicals were provided, and papers on legislative issues are now regularly prepared. It is estimated that this facility is used actively by one-third of the members. Recently, the National Assembly formed a working group to reform the committee system and legislative procedures. The Foundation has been requested to extend its support to the Senate and the four provincial assemblies.

b) The Administration of Justice

- In Malaysia, the Foundation has encouraged greater access to the legal system through legal literacy programs and the creation of a small claims court to alleviate burdens on other courts. This is the first time small claims courts have been used, and they are rapidly growing in number, making it possible for poorer groups in the population to have access to justice.

- In the Philippines, the Foundation has supported efforts to improve the administration of justice at both the government and citizen levels. Foundation funds have supported the training of over 200 judges in methods of court administration, significantly reducing delay in the courts. Funds have also been used to test an approach to alternative dispute resolution at village levels, a program which is now being replicated elsewhere. In addition, the Foundation has supported local organizations that provide legal education and advice to thousands of citizens.

c) Human Rights

- In Indonesia, the Foundation has provided support for the Legal Aid and Consultation Institute for Women and Families, helping this organization to become a principal organization in the legal aid field.

- In Bangladesh, the Foundation helped establish the country's preeminent human rights advocacy group, the Bangladesh Society for the Enforcement of Human Rights (BSEHR). At present, the Society has programs in 200 districts. As a result of Foundation funding, BSEHR is able to provide mediation, litigation advice and referral services to thousands of persons throughout the country. It should be self-sufficient in the next year.

d) Open Markets and Economic Liberalization

- In Thailand, the Foundation is working to improve the protection of intellectual property rights. Since 1987, over 400 leading legislatures, civil servants, lawyers, scholars, and businessmen have participated in Foundation-sponsored training programs and seminars related to intellectual property protection. The Foundation also supported the training of 200 judges in IPR law and the publication of the country's first case book on intellectual property law. Every court and library in the country now uses this volume. Recently, the Ministry of Justice requested assistance from the Foundation for the establishment of a separate court for intellectual property rights law, a proposal that was put forth at the Uruguay round of GATT negotiations in February.

- In Japan, the Foundation has been working to promote improved U.S.-Japanese understanding and relations through exchange programs and the translation of Japanese newspaper articles for publication in the U.S. press.

These are just a few examples of Foundation supported activities, but I wanted to cite them to illustrate the use and impact of Congressionally appropriated funds.

6. The Impact of Inflation

Another justification for an FY91 budget increase is the need to meet rising costs. Appropriations for the Foundation in FY88 and FY89 were held at $13.7 million. For FY90, the appropriation approved amounted to $13.9, but the effects of sequestration will leave the Foundation with approximately $13.7 million. It is estimated that the Foundation lost 18 percent of its purchasing power over this three-year period. Inflation affects not only the Foundation's operational costs, but also the purchasing power of its grants, for example the rising costs of tuition, airfares, and maintenance allowances for Asian trainees in the United States.

The Foundation is cost-conscious and runs a low-overhead operation. All of the projects it supports involve some matching funds from local sources, and the Foundation is also able to leverage funds from other sources. This year, for instance, the Foundation's General Grant will be more than matched by contributions from foundations, corporations, and individuals. Its indirect cost rate of 23.6 percent is among the lowest of private U.S. agencies operating in Asia.

The Foundation, however, cannot absorb further reductions in purchasing power without cutting back on programs. For the last few years, expenses have been deferred that should now be made. To offset inflation and cover added administrative and personnel expenses resulting from an expanded program budget, the Foundation is requesting $700,000 from the $4.1 million requested increase for FY91.

Conclusion

We hope that this committee agrees that there are important opportunities in Asia with which the U.S. should be involved in the 1990s. Because of U.S. policy interests in Asia's stability and prosperity, the growing interest in democratic systems in countries of the region, and the challenges of managing transitions to more open political systems, there are tremendous opportunities for the Foundation to deepen and expand its programs. At the same time, greater Foundation involvement can help allay the concerns of Asians who perceive that the United States, long their staunch ally, is considering reduced levels of foreign aid and military presence in Asia. This is the time to strengthen American support for democracy and economic liberalization in Asia and the Pacific Islands, and we are ready to do our small--but we think significant-part in that process.

The Asia Foundation--as an efficient, independent organization with an extensive network of field offices and high regard in the region--offers a cost-effective way to support the political, economic, and social changes that are in the interest of the United States and Asia. The Asia Foundation's effectiveness today derives in part from its long history of successes in the area. Financial support for the Foundation is a long-term investment in the development of Asian and Pacific nations as well as in U.S. relations with them. We hope that this Committee will review favorably our budget submission.

Thank you.

Table 1

The Asia Foundation
Proposed FY91 Expenditures
By Broad Programming Category

Programs		
Democratic Institutions (Representative Government, Human Rights, Judicial Administration, Electoral Processes, Free Press)	$ 7,400,000	
Trade and Economic Relations	2,500,000	
Bilateral and Regional Programs	2,000,000	
Books for Asia	1,800,000	
Subtotal		$13,700,000 (76.4%)
Administration		$ 4,300,000 (23.6%)
TOTAL		$18,000,000

Table 2

The Asia Foundation
Proposed Use of $4.1 Million Increase
For FY 1991

Current Programs:		$13,900,000
New Initiatives:		
Democratic Institutions:	2,000,000	
Trade and Economic Relations:	700,000	
Laos and Cambodia:	300,000	
South Pacific:	200,000	
Afghanistan:	100,000	
Center for Asian-Pacific Affairs	100,000	
Inflation/Admin:	700,000	
Subtotal:		4,100,000
TOTAL:		$18,000,000

Table 3

Countries in Which the Asia Foundation Has Field Offices or Program Activities

I. Asia Foundation Offices and Responsibilities:

a) Headquarters
    San Francisco, California

b) Liaison Office
    Washington, D.C.

b) Field Offices:

1) Dhaka, Bangladesh
   (responsible for programs in Nepal)
2) Jakarta, Indonesia
3) Tokyo, Japan
4) Seoul, Korea
5) Kuala Lumpur, Malaysia
   (responsible for programs in Brunei and Singapore)
6) Islamabad, Pakistan
   (responsible for Afghan programs)
7) Manila, Philippines
8) Colombo, Sri Lanka
   (responsible for the Maldives)
9) Taipei, Taiwan
10) Bangkok, Thailand
   (responsible for programs in Laos and Cambodia)

II. Country Programs managed from the San Francisco Headquarters:

Pacific Islands
    (Cook Islands, Fiji, Kiribati, Papua New Guinea, the Solomon Islands, Tonga, Tuvalu, Western Samoa, and Vanuatu)
The People's Republic of China

BUDGET REQUEST

Mr. Dwyer. Thank you, Mr. Fuller.

You said your authorization was for $18 million, that was what you really asked for.

Mr. Fuller. Correct.

Mr. Dwyer. What you got was the same as you had last year, plus $78,000.

I would ask my question to Mr. Anderson, perhaps—are they going to be able to carry out their plan?

Mr. Anderson. Well, we support the expansions they are considering and I am sympathetic to the problems that this request makes for them, but we are operating within the budget constraints that we have overall.

Mr. Dwyer. Well, I guess this is the day for good soldiers.

But, Mr. Fuller, what about your experiences, some of the programs you have in mind, particularly some of your programs and plans for expansion into the South Pacific, Afghanistan, will you be able to do that?

Mr. Fuller. We will have to cut those back from plans we have now. We have done an analysis to look at what we would do with only $13.9 million and with $18 million, trying to see what it will cost us not to get the full authorization.

I don't need to go into all the details here but we had proposed large programs for Pakistan, Philippines and Thailand to strengthen judiciaries and legislative systems. This would include support for national assemblies, also for the provinces which we think is very important. There is a considerable amount of interest in these countries in Foundation support for these purposes. For example, we have had a request from chief ministers, in four provinces in Pakistan. Programs such as these would have to go.

We have continuing commitments that would use much of the $13.9 million we are getting already.

PRIVATE SECTOR FUND RAISING

Mr. Dwyer. How about private funds?

Mr. Fuller. We believe that there is more potential to raise private funds and I am in the process of strengthening staff in San Francisco to do just that.

In the past couple of years we have received annually about 12 million worth of books and we have also been able to collect about $1.5 million in cash. We would like to see that go up.

An interesting feature of private sector fund raising is that we have raised contributions from the Japanese for our translation service program in Japan so that our program in Japan is about three quarters covered by Japanese funding.

AFGHANISTAN

Mr. Dwyer. Afghanistan, are they ready to have some type of an initiative from the Asia Foundation?

Or are they still in too fluid of a state?

Mr. Fuller. The answer is yes, they are in a fluid state.

I was just out there three weeks ago and we have——

Mr. **Dwyer**. You don't have any people that have to be evacuated?

Mr. **Fuller**. We were in Peshawar on the Pakistan side and we made a decision to put a senior staff person there. The reason is that it is difficult to get things done without a field person and we want to be very clear that we are working with the effective people and groups.

There are private groups of Afghan refugees that have formed. There is a women's resource center, there is an Afghan professor's university group, comprised of 90 professors that came out of Afghanistan, who are trying to keep their skills active. There is a lawyers association. We would like to help groups like them.

Keeping people's skills in place and helping them get ready for a return to Afghanistan is the objective.

An example would be support we provided six weeks ago for a conference of university professors to examine what reconstruction would be required for higher education in Afghanistan if there is a resolution to the problem.

Mr. **Dwyer**. Okay, Gentlemen, we will have some questions that we will supply to you and you can answer for the record.

Thank you very much for being here.

Mr. **Anderson**. Thank you, Mr. Chairman.

[The following questions were submitted to be answered for the record.]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

Payment to the Asia Foundation

QUESTION: Secretary Anderson, in your statement you indicated that the Department strongly endorses the Foundation's plans to open new offices in Afghanistan and the South Pacific region and to expand its programs in the countries it already serves. What is the cost of each of these initiatives and will the Foundation be able to finance them with only a $78,000 increase?

ANSWER: Increasing opportunities in the South Pacific warrant the Foundation's programming at least $900,000 in FY 1991 to help build democratic institutions, such as parliaments and independent judiciaries, promote economic liberalization and free-market trading systems, and improve bilateral relations with this important region. Added to this would be the total cost of opening an office in the South Pacific. Office rent, transportation, and salaries would amount to approximately $230,000 for the first year of operation. Subsequent years' operating costs would be lower, as there are a number of one-time costs associated with opening an office.

The fluid situation in Afghanistan has created new program opportunities and the need for a Foundation office in Peshawar, Pakistan, to monitor developments. Program opportunities in FY1991 would total approximately $350,000 and the first year costs of the Peshawar office would be about $130,000.

With an increase of $78,000, the size of these two programs would be cut and it would be necessary to divert funds from other programs to meet partially the Foundation's objectives in these two areas.

QUESTION: Mr. Fuller, what was your budget request to the Department of State for FY1991 and what was the Department's request to OMB for the Foundation?

ANSWER: The Asia Foundation requested $20 million in its FY 1991 budget submission to the Department of State. The Department requested $16.2 million for The Asia Foundation in its FY 1991 budget submission to OMB. As you know, OMB reduced this figure to the $13.978 million level.

a. What programs or activities will you not be able to undertake as a result of these reductions?

If the Foundation were restricted to the OMB level of $13.978 million, the effects of inflation would mean that all programs would receive an across-the-board cut in real terms. This would mean that fewer institutions would receive assistance, fewer people would be trained, and ongoing programs would have to be cut short. In addition, the Foundation would not be able to undertake any new activities.

To cite some examples, the reductions would affect the following country programs in these ways:

* In the South Pacific, the Foundation would not be able to initiate any new programs for parliamentary development, such as Congressional fellowships, training of staff, or education of journalists in legislative reporting. No new programs for diplomatic training or fellowships for future leaders, such as rising government officials, university professors or heads of citizens' groups could be undertaken. The Foundation would be forced to say no to the five nations that have requested development of management and entrepreneurship training programs.

* In Laos, the Foundation would not be able to follow up with the People's Assembly on programs for the exchange of legislators and staff development. The Lao government's request to establish an indigenous management training institute at the Ministry of Economics, Finance and Planning would have to be turned down and the development of the Dong Dok Teachers' College into Laos' first university would have to be postponed.

* In the Philippines, the Foundation would not be able to support the introduction of new programs at the provincial and local levels. For example, the Foundation would not be able to initiate new training programs for provincial legislative staff and local government officials such as tax assessors, revenue officials, and treasurers; initiate support to new human rights organizations in the provinces; conduct public education campaigns on voter and citizens' rights; establish any new business resource centers; or conduct training programs for provincial officials and judges in intellectual property law.

* In Pakistan, the Foundation would not be able to extend its successful legislative research program with the National Assembly to the Senate and to four provincial legislatures. This would occur at a time when these legislative bodies are requesting Foundation assistance. Pakistani interest is also being expressed in additional support for judicial programs. However, these budget cuts would prevent the Foundation from responding to assistance for improved court administration procedures, development of mechanisms for dispute resolution, and upgrading of law school curricula.

* In Thailand, the evolving political situation has greatly increased requests for Foundation assistance in a number of areas. However, with the reductions, the Foundation would not be able to develop training programs for election commission staff, initiate support for any new human rights organizations, begin work to train staffs of provincial assemblies or introduce new training programs for local elected officials.

* The Center for Asian Pacific Affairs (CAPA) would be forced to reduce its support to the U.S. National Committee for Pacific Economic Cooperation and efforts to encourage the Asia Pacific Economic Cooperation Conference just as the latter initiative is getting underway. CAPA would not

be able to hold bilateral forums with important nations such as the Philippines, and Malaysia.

QUESTION: In your statement, Secretary Anderson, you said that according to Foundation records, private giving, including cash gifts and the dollar value of the Foundation's book program, will exceed the $13.9 million appropriation to the Foundation for FY 1990. What was the total value of these private gifts?

ANSWER: The total value of private giving to the Asia Foundation during FY 1989 was $19,584,218. This included 1) contributions in kind, such as books and services, and 2) cash contributions from corporations, foundations, and individuals in the United States and in Asia.

QUESTION: Please provide for the record, a list of the amounts received from private sources both in cash and in-kind contributions for FY 1989.

ANSWER:

Contributions to the Asia Foundation
FY 1989

1. Cash Contributions:		
a) Corporations	$329,035	
b) Foundations & other organizations	1,176,127	
c) Individuals	153,366	
		1,658,680
2. Contributions in Kind:		
a) Books*	17,695,657	
b) Other (services, freight, equipment)	229,881	
		17,925,538
TOTAL:		$19,584,218

*This year, an extraordinary number of books, valued at approximately $5,000,000 were received just at the close of the fiscal year. This accounts for the substantially larger figure for book contributions in FY1989.

QUESTIONS SUBMITTED BY CONGRESSMAN EARLY

Payment to the Asia Foundation

QUESTION: The Administration's request for The Asia Foundation is $13,978,000. However, The Asia Foundation is requesting from this committee the full authorized amount of $18,000,000. How would the proposed $4,100,000 increase be used?

ANSWER: The Asia Foundation proposes to use the $4,100,000 for the following activities:

a) Democratic Institutions: The foundation is proposing an additional $2 million to enhance its support for building and strengthening democratic institutions in countries where democracy is emerging, and to encourage democratic movement where there have been setbacks or little progress. These funds would be used in country and regional programs to strengthen free and fair elections, civic education, human rights groups, national parliaments and provincial legislatures, independent judicial systems and improved court management, open media, and non-governmental organizations.

In allocating additional funds, priority would be given to expanding programs in the Philippines and Pakistan, with modest increases in programs in Taiwan, Korea, and Nepal. We would also expect to begin programs in Mongolia, and the Foundation is ready to assist Sri Lanka should conditions permit.

b) Economic Liberalization: The Foundation requested an additional $700,000 to expand existing programs that promote economic liberalization and more open trade and investment environments in the region. Assistance would be focused on support for institutions in the formal and informal sectors, policy analysis, and improved administration of the legal underpinnings of economic reform. Some of the issues to be addressed in country and regional programs are: streamlining investment licensing, deregulating banking controls, reducing tariff and non-tariff barriers, strengthening capital markets, and strengthening laws with respect to intellectual property rights, environmental protection, anti-trust, commercial codes, and alternative dispute resolution.

At the regional level, The Asia Foundation would expand its support for the U.S. National Committee for Pacific Economic Cooperation and work with the Association of Southeast Asian Nations (ASEAN) on mechanisms for resolving U.S.-ASEAN trade disputes.

c) Geographic Programs: The Foundation requested

1) an additional $200,000 expand its programs with the nine island nations of the South Pacific, particularly in

the areas of education, the judiciary, diplomacy, and free-market trading systems;

2) $200,000 for new requests from Laos, such as training for Laotian diplomats, the creation of a Laotian Chamber of Commerce, training for the policy research staff of the Ministry of Economics, Finance and Planning, and the elevation of the country's only college to university status;

3) $100,000 for additional leadership and skills training for Cambodians in the non-communist camps along the Thai-Cambodian border;

4) $100,000 for new programs to help Afghans in Pakistan prepare for the possibility of returning to Afghanistan, including training in business, public administration, and reconstruction.

d) Center for Asian-Pacific Affairs: The Foundation requested an additional $100,000 for a major project to enhance its other work in strengthening democratic institutions. This project would involve on-going analysis by Asian and American experts of the democratic process in Asia and recommendations for likely next steps.

e) Inflation and Administration: The Foundation requested $700,000 to offset inflation over the last three years (when the Foundation's General Grant has remained at virtually the same level) and to cover the administrative and personnel expenses of an expanded program budget.

QUESTION: If fully funded at $18 million, how many grants will be awarded in FY1991?

ANSWER: Based upon past experience, the best estimate is that at an $18 million level, the Foundation would make approximately 800 grants. These grants vary in size from several hundred dollars to over $100,000 in some cases.

QUESTION: If funded at the Administration request of $13.9 million, how many grants will be awarded in FY1991?

ANSWER: Again, based upon past experience, the best estimate is that at a $13.9 million level, the Foundation would make approximately 600 grants.

QUESTION: What is the projected average amount each award recipient will receive in FY1991?

ANSWER: Based upon past experience, the median size of each Foundation grant would be approximately $10,000 - 15,000. The Foundation emphasizes the strengthening of Asian institutions and the grants are therefore provided to institutions rather than individuals. Grantees include institutions such as election commissions, legislative secretariats, human rights groups, and universities.

While the median size of Foundation grants is $10,000 - 15,000, the Foundation supports new or very small institutions with smaller grants and may provide grants of over $100,000 to large institutions where the situation warrants, such as where the recipient institution has demonstrated a capacity to utilize grant funds effectively and future plans require and merit additional assistance.

QUESTION: The Asia Foundation states that part of the increased funding will be used to address postponed administrative needs. What are some of the administrative needs that need to be addressed?

ANSWER: Since FY1988, the Foundation has lost nearly 18% of its purchasing power due to two years of constant funding at a level of $13.7 million, with only a slight increase to $13.9 million in FY1990. The Foundation urgently needs to adjust salaries and administrative costs in the U.S.

The Foundation is also facing rising costs for trained local staff, supplies, and office rents in Asia. For example, over the past three years, office costs have doubled in countries such as Korea, Taiwan, and the Philippines. Adjustments must be made to compensate for these increases.

QUESTION: If the $13,978,000 the Administration requested is appropriated, what impact will that have on the Foundation?

ANSWER: Such an appropriation would represent the fourth year of funding the Foundation at a level of just under $14 million. This would represent a real loss to the Foundation of over 25% since FY1988.

A $13,978,000 appropriation in FY1991 would mean that the Foundation would have to reduce some programs and would not be able to undertake any new initiatives. These limitations would occur at a time when recent developments in Asia present new opportunities for the Foundation that correspond with U.S. foreign policy priorities.

QUESTION: What specific program services or grants will be eliminated or curtailed because of the lower funding requested by the Administration?

(previously answered in response to question 3a posed by Congressman Smith to Mr. Anderson)

ANSWER: If the Foundation were restricted to the OMB level of $13.978 million, the effects of inflation would mean that all programs would receive an across-the-board cut in real terms. This would mean that fewer institutions would receive assistance, less people would be trained, and ongoing programs would have to be cut short. In addition, the Foundation would not be able to undertake any new activities.

To cite some examples, the reductions would affect the following country programs in these ways:

*In the South Pacific, the Foundation would not be able to initiate any new programs for parliamentary development, such as Congressional fellowships, training of staff, or education of journalists in legislative reporting. No new programs for diplomatic training or fellowships for future leaders, such as rising government officials, university professors or heads of citizens' groups could be undertaken. The Foundation would be forced to say no to the five nations that have requested development of management and entrepreneurship training programs.

*In Laos, the Foundation would not be able to follow up with the People's Assembly on programs for the exchange of legislators and staff development. The Lao government's request to establish an indigenous management training institute at the Ministry of Economics, Finance and Planning would have to turned down and the development of the Dong Dok Teachers' College into Laos' first university would have to be postponed.

*In the Philippines, the Foundation would not be able to support the introduction of new programs at the provincial and local levels. For example, the Foundation would not be able to initiate new training programs for provincial legislative staff, and local government officials such as tax assessors, revenue officials, and treasurers; initiate support to new human rights organizations in the provinces; conduct public education campaigns on voter and citizens' rights; establish any new business resource centers; or conduct training programs for provincial officials and judges in intellectual property law.

*In Pakistan, the Foundation would not be able to extend its successful legislative research program with the National Assembly to the Senate and to four provincial legislatures. This would occur at a time when these legislative bodies are requesting Foundation assistance in these areas. Pakistani interest is also being expressed in additional support for judicial programs. However, these budget constraints would prevent the Foundation from responding to assistance for improved court administration procedures, development of mechanisms for dispute resolution, and upgrading of law school curricula.

*In Thailand, the evolving political situation has greatly increased requests for Foundation assistance in a number of areas. However, at the OMB-proposed funding level, the Foundation would not be able to develop training programs for election commission staff, initiate support for any new human rights organizations, begin work to train staffs of provincial assemblies or introduce new training programs for local elected officials.

*The Center for Asian Pacific Affairs (CAPA) would be forced to reduce its support to the U.S. National Committee for Pacific Economic Cooperation and efforts to encourage the Asia Pacific Economic Cooperation Conference just as the latter initiative is getting underway. CAPA would not be able to hold bilateral forums with important nations such as the Philippines, and Malaysia.

QUESTION: What type of activities has The Asia Foundation supported in FY1989 and FY1990 which have helped expand and strengthen democratic institutions in Asia?

ANSWER: a) A primary area of Foundation assistance is the strengthening of institutions of representative government. Specific project activities include research and training for election officials, training of legislators and staff, development of research services, public administration training for government officials, and civic education programs. Illustrative examples from Indonesia, Taiwan, and Korea are cited here.

1) In Indonesia, the Foundation is strengthening the institutional capabilities of the National Parliament at a time when the Parliament is seeking to enhance its own role in the legislative process and the national policy dialogue. The Foundation has supported the first visit to the U.S. Congress by the Speaker of the Indonesian Parliament, and is providing training for parliamentary staff, educational materials and library development. Planned activities include support for the development of parliamentary research services, policy seminars for members and staff, expanded training, and training for journalists in legislative reporting.

2) In Taiwan, the Foundation has assisted a number of activities to insure more free and fair elections. Most recently, it supported the Clean Election Coalition in its efforts to monitor election procedures during the December 1989 elections. The Foundation is also enabling members of the national and provincial election commissions to study election procedures in the U.S., citizens' groups to analyze and publish legislators' voting records, and journalists to be trained on the complexities and pitfalls of public opinion polling.

3) In Korea, the movements toward democratization place the greatest emphasis on the restoration of local autonomy as the basis for democratic development. The Foundation is supporting the training of 300 provincial government officials in local autonomy, fiscal, financial, and budgetary planning and management.

b) Another major area of Foundation work is in improving the administration of justice and respect for human rights. The Foundation's activities in these areas include training of judges and court administrators, support for court automation programs, development of alternative means of dispute resolution, assistance to human rights groups, and support for legal education campaigns and human rights monitoring organizations. Illustrative examples from Bangladesh and the Philippines are cited here.

1) In Bangladesh, the Foundation is supporting the country's pre-eminent human rights advocacy group, the Bangladesh Society for the Enforcement of Human Rights, to monitor and publicize human rights abuses, provide legal assistance, and conduct legal literacy programs. Several other organizations are being supported to conduct similar activities in various districts throughout the country.

2) In the Philippines, the Foundation is supporting efforts to improve the administration of justice at both the government and citizen levels. Foundation assistance is enabling over 200 judges to be trained in methods of court administration. The Foundation is also working at the local level to improve citizens' understanding and confidence in the law through support for alternative law groups. These organizations provide legal education and advice and develop alternative means of dispute resolution.

QUESTION: If the Foundation is funded at the full authorized amount of $18 million, what type of specific activities are planned for FY1991 that help expand and strengthen democratic institutions in Asia?

ANSWER: If the full authorized amount is appropriated, the Foundation would use $2 million of the additional funds to expand its current activities in support of democratic institution-building. These funds would be used to support education of election officials, civic education programs, human rights organizations, training and technical assistance for legislative staffs, improvements in court management, training of judges and court administrators, development of private voluntary organizations and citizens' action groups, and training of journalists and broadcasters. In many countries, these activities would be for expansion of successful national-level programs to the regional and local levels. Two priority countries would be Pakistan and the Philippines and examples of specific activities are cited for them below:

1) In Pakistan, the Foundation would expand its highly successful legislative research program with the National Assembly to the Senate and to four provincial legislatures. The Foundation would also take advantage of increasing opportunities to work with the judiciary on improved court administration procedures, development of means of alterative dispute resolution, and upgrading of law school curricula. Additional funds would also enable the Foundation to develop its programs in support of a free and open press through the training of journalism faculty members, and development of internship and short-term study programs for young journalists at larger newspapers.

2) In the Philippines, the Foundation would be able to initiate many new programs at the provincial and local levels. The Foundation would support new broadcast and print media public education campaigns on voter and citizens' rights. It would increase its training programs for provincial legislative staff, and local government

officials such as tax assessors, revenue officials, and treasurers. In the human rights field, support to new human rights organizations providing legal education, legal aid, and monitoring activities in the provinces would be expanded.

QUESTION: The Asia Foundation helps support the development of market economies and open trading systems in Asia and the Pacific Islands. Could you provide some specific examples of what steps the Foundation has taken to help open up Asian markets to American goods and services?

ANSWER: a) Through its support for the U.S. National Committee for Pacific Economic Cooperation, the Foundation has been able to work towards the reduction of agricultural subsidies in Asia. The Foundation sponsored the first meeting of the PECC's Pacific Rim Agricultural Task Force, which brought together trade and agricultural officials, businessmen, and economists from 15 Pacific Rim nations. Key provisions of the consensus statement from this meeting, including a call for a phased reduction of agricultural subsidies were part of the agreements reached in the mid-term GATT negotiations in April 1989.

b) In Thailand, the Foundation has contributed to the promotion of open market systems through encouragement of protection of intellectual property rights and the development of capital markets.

Since 1987, over 400 leading legislators, civil servants, lawyers, scholars, and businessmen have participated in Foundation-sponsored training programs and seminars related to intellectual property protection. The Foundation also supported the training of 200 judges in IPR law and the publication of the country's first casebook on intellectual property law. Every court and library in the country now uses this volume. Recently, the Ministry of Justice requested Foundation assistance for the establishment of a separate court for intellectual property rights law, a proposal that was put forth at the Uruguay round of GATT negotiations in February.

The Foundation has also been active in supporting the development of the Securities Exchange of Thailand. Training has been provided for Exchange staff on the automation of floor operations and strengthening of the Securities Exchange Commission to institute greater controls on activities such as insider trading.

QUESTIONS SUBMITTED BY CONGRESSMAN REGULA

Payment to the Asia Foundation

QUESTION: What is the reason for the State Department increasing the request for the Asia Foundation for FY1991 above last year's level?

(previously answered in response to question 1 posed by Congressman Smith to Secretary Baker)

ANSWER: For the last three years, The Asia Foundation has received appropriations from the U.S. Congress of just under $14 million ($13.7 million for FY87 and FY88, and $13.9 million for FY 1990). The State Department is requesting $13,978,000 for FY91 because it strongly supports the Foundation's work in Asia and the Pacific Islands, and it believes that changes in the region warrant an increase in funding over previous years.

The Asia-Pacific region is one of the most important in terms of long-term U.S. interests. A total of forty-four percent of the world's population lives in this region. Thirty-seven percent of U.S. trade is with the Pacific. Japan, one of the world's major economic powers, is a key American ally and an increasingly important player not only in Asia but the rest of the world as well. In a region vital to U.S. interests, The Asia Foundation is making a valuable contribution to political and economic development and to enhancing U.S.-Asian relations.

We believe that this is a particularly important time to support the Asia Foundation's programs and to help it increase its outreach. Throughout Asia and the South Pacific there are new signs of openness to democratic pluralism, economic reform, and dialogue with the United States on policy issues of mutual concern. We are encouraged by these changes and feel that The Asia Foundation is ideally suited to take advantage of them with well-designed and managed programs. The Foundation has almost four decades of experience promoting democratization and economic liberalization in Asia, an extensive network of field offices and expert representatives, excellent access to key people and institutions, and a proven ability to produce results in a cost-effective and culturally sensitive way.

The Foundation's on-going programs are important to U.S. interests in Asia. With increased Asian interest in democratic pluralism and market-oriented economies, this is the time to make sure that the Foundation can carry out its unique mandate and respond to new requests from Asia for its assistance.

QUESTION: How was the $13,978 figure arrived at?

ANSWER: The $13,978 million figure was arrived at by OMB. The Department of State's original request to OMB for The Asia Foundation for FY1991 was $16.2 million, which coincided with the House authorization level for the Foundation for FY1990.

QUESTION: How do the Foundation's programs differ from those of USIA?

ANSWER: USIA is an official government organization focusing on educational exchanges and cultural programs. It provides official information on the U.S. and its books are placed in USIS operated libraries abroad. While these activities are important, they are official in nature, and USIA's mandate and programs differ significantly from those of The Asia Foundation.

In contrast, The Asia Foundation is a private organization focusing on democratic development and promoting economic and trade relationships. It does not conduct cultural programs.

The Foundation is also a grant-making organization. It has ten field offices in Asia which implement, monitor, and evaluate its grants to Asian institutions. The Foundation supports exchange programs, but these are undertaken in the context of in-country programs of institution-building, and only constitute approximately 16% of the Foundation's programs overall. The Books for Asia program distributes books to Asian libraries as part of a process of developing indigenous information resources. Another important distinction is that the books are individually selected by the recipient institutions.

QUESTION: How many Asians and Americans benefit from the Foundation's exchange programs? What percentage of the Foundation's programs are devoted to exchanges?

ANSWER: In FY1989, at total of 869 individuals were involved in the Foundation's exchange program: 783 Asians came to the U.S. on Foundation supported long-term graduate degree and short-term study programs; 86 Americans went to Asia, primarily as technical advisors for projects in Asia and as part of a program to educate American leaders about Japan; and 16 young American professionals went to Asia for 10 months under the Luce Scholars program.

Overall, in FY1989, the Foundation spent approximately $2,250,000 or 16% of the general grant on exchange programs. It should be noted that the Foundation's exchange programs are not designed to simply provide Asians with an American experience. In nearly all cases, they are crucial components of in-country programs that the Foundation is supporting. They provide the initial impetus for an individual to undertake an in-country development project, provide the institution with a skilled staff member who can be instrumental in catalyzing changes, or provide applied research works which can be used by policy planners.

QUESTION: How much private funds did the Foundation receive in FY1989? What are the Foundation's plans to increase private funding?

ANSWER: In FY 1989 the value of cash and in-kind contributions to The Asia Foundation from private sources was $19,584,218.

Private fund-raising is a high priority for The Asia Foundation. The Foundation is currently adding to its Development staff with the intent to substantially increase contributions from corporations, foundations, and individuals in the next three years. In addition, the Books for Asia program is stepping up its efforts to secure more donations of books, journals, equipment, services, and pre-paid freight so that it can expand distribution in Asia without added cost to the Foundation.

TUESDAY, MARCH 13, 1990.

SOVIET-EASTERN EUROPEAN RESEARCH AND TRAINING

WITNESSES

A. PETER BURLEIGH, DEPUTY ASSISTANT SECRETARY FOR INTELLIGENCE AND RESEARCH, STATE DEPARTMENT

KENNETH E. ROBERTS, DIRECTOR, OFFICE OF RESEARCH, STATE DEPARTMENT

Mr. DWYER [presiding]. The next item we shall consider this morning is the fiscal year 1991 budget request for the Soviet-East European Research and Training Program; the request is $4,600,000, the same amount that was appropriated for fiscal year 1990.

We shall insert the justifications that were in support of this request into the record at this point.

[The justifications follow:]

SOVIET-EAST EUROPEAN RESEARCH AND TRAINING

For expenses, not otherwise provided for, to enable the Secretary of State to carry out the provisions of title VIII of Public Law 98-164, $4,600,000. (*Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.*)

SOVIET-EASTERN EUROPEAN RESEARCH AND TRAINING

FY 1991

SUMMARY STATEMENT

(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
--	$4,600	--	$4,600	--	$4,600	--	$--

I. SUMMARY

The Soviet-Eastern European Research and Training program (SEERT) was enacted in 1983 to provide Government assistance on a stable and long-term basis to strengthen and maintain the national capability for advanced research and training in the field of Soviet and Eastern European studies. Congress intended the funds to provide financing for investment in human capital to improve our understanding of Soviet and East European affairs. Funding is directed toward advanced research, primarily in the social sciences; graduate training at all levels and initial employment in the Soviet-East European field; and training in Russian, non-Russian Soviet and East European languages. This program is particularly timely since the radical changes in the Soviet Union and Eastern Europe are placing greater demands on the Soviet-East European field in the U.S. as scholars strive to keep abreast of and analyze this region in transition.

II. Current Programs

The SEERT fund is intended to enhance expertise on the Soviet Union and Eastern Europe as well as help maintain the analytical edge which is important to national security. These funds have helped restore vitality and modest growth to the field of Soviet-Eastern European studies. Grants to several organizations in FY 1989 have made possible programs of research and training which benefit scholars and students in all corners of the U.S., for example:

- the International Research and Exchanges Board (IREX) has been able to facilitate access to the region for more than 500 scholars;
- the American Council of Teachers of Russian (ACTR) successfully negotiated increases from 20 positions per semester in 1986, to 65 in 1988, to 146 in 1989;
- the National Council for Soviet and East European Research (NCSEER) has been able to select from an ever increasing number of applications about 24 new research projects, involving 100 scholars at 68 institutions in 23 states;

SOVIET-EASTERN EUROPEAN RESEARCH AND TRAINING

- the Joint Committee on Soviet Studies (JCSS) and the Joint Committee on Eastern Europe (JCEE) have designed national fellowship programs to support students through advanced graduate work, dissertation writing, and even into junior faculty positions;
- the JCEE has expanded its language training support to include fellowships and intermediate and advanced instruction at summer institutes in Eastern Europe, as well as elementary instruction in the U.S. for the least commonly taught Eastern European languages; and
- the Wilson Center's East European Program has conducted a very successful summer seminar which brings together about ten junior and three senior scholars in the field to examine relevant East European topics.

III. 1991 Plans

In June of 1990, the Advisory Committee will publish in The Federal Register a call for applications to the FY 1991 SEERT competition. In the fall, the committee will meet to evaluate applications received and make funding recommendations to the Secretary of State. The Department will continue to act on those recommendations, conduct grant negotiations with the approved organizations, and monitor their progress through the fiscal year.

Funding in FY 1991, at the same level as in FY 1990, will provide for maximum resource concentration as envisioned in the original legislation. All ongoing programs need to be sustained and strengthened to realize the legislative intent of the Act. The radical changes in the Soviet Union and Eastern Europe are placing greater demands on the Soviet-East European field in the U.S. as scholars strive to keep abreast of and analyze this region in transition. At the same time, unimagined opportunities for in-country research and training and access to previously unavailable data have opened new avenues for broadening American expertise on the region.

Soviet-Eastern European Research
and Training

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
Soviet-East European Research and Training.............	$4,600	$4,600	$--	$4,600
GRAND TOTAL	4,600	4,600	--	4,600

Soviet-Eastern European Research
and Training

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
2100 TRAVEL AND TRANSPORTATION OF PERSONS..............	$12	$17	$--	$17	$--
2500 OTHER SERVICES.........	7	3	--	3	--
2600 SUPPLIES AND MATERIALS	1	1	--	1	--
4100 GRANTS, SUBSIDIES AND CONTRIBUTIONS.......	4,580	4,579	--	4,579	--
Total, Budget Unit	4,600	4,600	--	4,600	--

SOVIET-EASTERN EUROPEAN RESEARCH AND TRAINING

FY 1991

Justification of Program Activities

(dollars in thousands)

	Positions		Funds
	American	FSN	
1991 Request......................	--	--	$4,600

As provided in the Soviet-Eastern European Research and Training Act of 1983, the Department is committed to strengthening the understanding within the United States of events and long-term developments in the Soviet Union and countries of Eastern Europe. Through this program, the Department seeks to develop and sustain long-term unclassified research on a national scale dealing with basic issues and questions of Soviet and East European social, political, economic and historical development. This is to be accomplished by:

- o expanding research opportunities in the U.S. and especially in the countries of the area;
- o replenishing the supply of research scholars in the field; and
- o improving the dissemination of research-based knowledge and cooperation between government and academic specialists.

To meet the goal of obtaining improved understanding of developments in this critical region, the program seeks to provide what has been sorely absent over the past two decades--a stable foundation for Soviet and East European studies, and a base on which scholars and institutions can rely to train and maintain professional capabilities. To this end, funds are provided to organizations representative of the profession which, in turn, provide grants to institutions and individual recipients.

To assist the Secretary, advice will continue to be solicited from the congressionally mandated Soviet-Eastern European Studies Advisory Committee, which meets at least once a year. Members of this Committee are:

- o the Secretary of State;
- o the Secretary of Defense;
- o the Secretary of Education;
- o the Librarian of Congress;
- o the President of the American Association for the Advancement of Slavic Studies; and
- o the President of the Association of American Universities.

SOVIET-EASTERN EUROPEAN RESEARCH AND TRAINING

The Committee advises the Secretary on educational and private sector institutions best able to manage national programs of fellowship and research support and recommends grant policies.

Funding for SEERT has been used in a variety of ways to support each year the work of several hundred established scholars and graduate students in the areas of advanced research, graduate training, language training, and other types of activities specified in the legislation.

Advanced Research

The greater openness of, easier access to, and broader range of topics on the region have been catalysts for advanced research. The National Council for Soviet and East European Research (NCSEER) awarded in FY 1989 21 contracts involving 36 scholars at 29 institutions in 12 states primarily on topics in the social and policy sciences. It is anticipated that those projects will yield about 13 books, 33 articles, and 4 machine-readable databases, focussing on the political disintegration of communism, economic upheaval and socio-cultural flux in the region, and historical/ideological reassessment.

Within the last year, the NCSEER delivered to the United States Government over 40 research and technical reports covering such policy-relevant topics as: "Gorbachev's Policy toward Western Europe;" "Soviet Foreign Policy and the Two German States;" "Personal Power and Elite Change in Romania;" "Privatization of the Soviet Economy under Gorbachev;" and "Changes in Technical Efficiency and the Economic Slowdown in Eastern Europe and the Soviet Union."

The Hoover Institution at Stanford University and The University of Illinois Summer Research Laboratory (SRL) and Slavic Reference Service (SRS) provide fellowships to scholars to use their extensive and unique library holdings. Through SEERT funding, the Hoover Institution supports each year about seven academic year fellowships and ten summer grants to utilize its vast resources on 20th century Eastern Europe. The University of Illinois programs assist each year hundreds of scholars pursuing independent research and help them locate hard-to-find resources. SEERT funding provides SRL participants (about 300 per summer) with two weeks free housing in university dormitories. The SRS draws upon its exchange relationships with approximately 250 libraries in Eastern Europe to respond to the requests for Slavic materials of approximately 900 researchers. Inherent in SEERT's support for advanced research is its mandate for contact and collaboration among private and government specialists. Many of the programs discussed above provide special opportunities for scholars to interact. This is especially true of the Summer Research Lab at Illinois and the Wilson Center meetings.

SOVIET-EASTERN EUROPEAN RESEARCH AND TRAINING

The Wilson Center provides valuable opportunities for collaboration among government and private specialists through its programs in the Kennan Institute for Advanced Russian Studies and the East European Program. The Kennan awarded in FY 1989 eight long-term research grants (nine months duration) and eight short-term grants (one month).. The East European Program supported in FY 1989 seven research fellows and 16 short-term grants. The two programs conducted a total of 86 meetings and prepared reports on them.

The International Research and Exchanges Board (IREX) stimulates advanced research on the area by facilitating access for American researchers to institutions in the region. In FY 1989, IREX provided 61 grants for short-term research in the USSR and Eastern Europe; 25 grants for senior scholars to collaborate with their counterparts in the region; and supported 26 cooperative projects on such areas as: global change, environmental issues, and economics.

Graduate Training

Graduate training fellowships support students in the third and fourth years of graduate work or for one year to write up their dissertations. In FY 1989 the Joint Committee on Soviet Studies (JCSS) awarded six fellowships for advanced graduate training on the USSR and nine for dissertations on such topics as: the dynamics of power between national minorities and the state; Soviet law and legal regulation; and Soviet responses to NATO strategy shifts. The JCSS worked closely with the Joint Committee on Eastern Europe (JCEE) to coordinate their fellowships programs. The JCEE awarded last year four advanced graduate training fellowships and seven dissertation fellowships. Past recipients have secured full-time teaching positions at such institutions as Stanford University, Colby College, Indiana University, and Pennsylvania State University.

SEERT supports in-country advanced Russian training through the American Council of Teachers of Russian (ACTR) and in FY 1989 awarded 146 fellowships for study at the Pushkin Institute in Moscow. The Council for International Educational Exchange (CIEE) supported a similar program at the Herzen Institute in Leningrad. In addition to support for in-country language training programs, SEERT also supports domestic language programs. The JCSS annually has conducted two language competitions: one for grants to United States institutions offering intensive Russian training, and a second to those offering instruction in non-Russian languages of the USSR. In FY 1989 JCSS supported six programs in the former category and four in the latter.

In short, funding in FY 1991 will help American specialists take advantage of the unprecedented opportunities to do research in and on the Soviet Union and countries of Eastern Europe, at a time when reforms and other changes have led to an opening up of those long closed societies.

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Mr. DWYER. Here to testify in support of the request is A. Peter Burleigh, Deputy Assistant Secretary for Intelligence and Research in the Department of State.

This is your first appearance before the committee, we shall insert your biographical sketch in the record and you may proceed with your statement.

[The biography follows:]

A. PETER BURLEIGH—BIODATA

1989–current: Principal Deputy Assistant Secretary, Bureau of Intelligence and Research.

1987–89: Deputy Assistant Secretary for Persian Gulf and North Africa Bureau of Near Eastern and South Asian Affairs.

1985–87: Director, Northern Gulf Affairs (Iran and Iraq), Bureau of Near Eastern and South Asian Affairs.

1982–85: Deputy Director, Office of Analysis and Research for Near East and South Asia, Bureau of Intelligence and Research.

1980–82: Deputy Chief of Mission, Kathmandu, Nepal.

1979–80: Legislative Management Officer for Near East/South Asia, Bureau of Congressional Relations.

1978–79. Deputy Director, Arabian Peninsula Affairs, Bureau of Near Eastern and South Asian Affairs.

1977–78: Congressional Fellow.

1975–77: Economic/Commercial Officer, Manama, Bahrain.

1972–75: Political Officer, Calcutta, India.

1970–72: Nepal-Sri Lanka desk officer, Bureau of Near Eastern and South Asian Affairs.

1968–70: Political Officer, Colombo, Sri Lanka.

1967: Joined Foreign Service.

1966–67: Fulbright Scholar, Kathmandu, Nepal.

1965–66: Graduate Studies in sociology and South Asian studies, University of Pennsylvania.

1963–65: Peace Corp Volunteer, Nepal.

1959–63: Colgate University, AB 1963 with honors (sociology and anthropology).

Current Rank: Senior Foreign Service Officer of the Minister-Counselor rank.

Languages: Nepali, Bengali, Hindi, Sinhalese, some Arabic and Persian.

Born: 1942, Los Angeles.

GENERAL STATEMENT

Mr. BURLEIGH. Thank you very much, Mr. Chairman.

I will like to introduce my colleague, Kenneth Roberts, Director of our Office of Research.

Mr. ROBERTS. Good morning.

Mr. DWYER. Good morning.

Mr. BURLEIGH. Let me say it is a pleasure to have this opportunity to share some of the accomplishments of the Title VIII program which supports advanced research and training on the Soviet Union and countries of Eastern Europe.

There is a written statement which we have submitted detailing the program's activities and its use of fiscal year funds appropriated last year.

I would like to discuss the program, formally known as the Soviet-Eastern European Research and Training Act of 1983, in the context of the dramatic and far-reaching changes underway in the region.

CHANGE IN THE USSR AND EASTERN EUROPE

Last year we testified before you about the potential for change in the Soviet Union and countries of Eastern Europe. That potential has been realized to a greater degree than we ever could have predicted.

Under the leadership of President Gorbachev we have seen in Soviet society the introduction of virtually free elections, the establishment of a representative body and constitutional and legal reforms.

The changes in Eastern Europe have been even more dramatic as old style communist governments have been ousted or forced to reform in Poland, Hungary, the GDR, Bulgaria, Czechoslovakia and Romania.

As fascinated as we may be by these events, we must not neglect the need to understand the forces behind them, nor fail to recognize the many obstacles along the path to democratization.

It seems likely for at least a generation these nations will be "post-communist", a previously unknown species bearing the deep imprint of their 40-year old communist experience and some unresolved pre-war problems.

IMPACT OF CHANGE ON AMERICAN SCHOLARS OF THE REGION

In this time of transition, we are placing increasing demands on our scholarly community to decipher fast-paced events, predict possible scenarios and make sound recommendations for U.S. responses.

Fortunately, the foresight of Congress the Executive Branch, and the academic community early in the last decade put in place a mechanism to encourage scholars to make a professional commitment to study the complex mechanisms in the Soviet-East European field.

Administered by the State Department, Title VIII has received annual appropriations of about $4.6 million since fiscal year 1985.

The funds have been critical to reviving this area of study so essential to U.S. foreign policy and national security interests. More dollars could be put to effective use but the current request for the coming year, as you noted, has been held to the previous level of $4.6 million.

Title VIII has helped American scholars understand and interpret the uncertainties of the new era. Through difficult times these scholars carefully nurtured relationships with their counterparts in the region.

Many of these same Soviet and East European intellectuals now play important roles in restructuring their societies.

Their American colleagues who know them well are better able than ever to shed light on the course of events in the region. The current changes present extraordinary opportunities for U.S. scholars to expand those mutually-beneficial contacts and Title VIII is well placed to enable them to take advantage of the unprecedented access.

SOVIET-EASTERN EUROPEAN STUDIES ADVISORY COMMITTEE

In selecting grant recipients and guiding the program, the Secretary of State is fortunate to have the valuable assistance of the Soviet and Eastern European Studies Advisory Committee, established by the legislation.

Its members bring to bear the perspectives and experience of the Departments of State, Education, and Defense, the Library of Congress, and the major associations of research universities and Slavic specialists.

With their help and the dedication and professionalism of the grant recipients and other members in the field, the Title VIII program remains committed to its legislative mandate, respected for its promotion of scholarly freedom and more timely than ever.

At a time when so much attention is focused on providing assistance to the countries of the area, we must not overlook the needs of our own specialists on whose counsel we depend.

These are the professionals from whom the U.S. Government recruits and whose books, articles, Op-Ed pieces and media interviews educate us all. Their contribution has been more evident in the past 12 months than perhaps ever before as U.S. print and media journalists have turned to them to help the American people understand often confusing events.

We in the State Department also have turned to them through conferences, research projects and private consultations for advice.

The nation as a whole depends on their professional commitment and continuing pursuit of knowledge.

[The following was provided for the record:]

FY 1990 GRANT RECIPIENTS UNDER THE SOVIET-EASTERN EUROPEAN RESEARCH AND TRAINING ACT

On January 10, 1990, the U.S. Department of State approved the December 14, 1989 recommendations of the Soviet-Eastern European Studies Advisory Committee for the following FY 1990 awards.

1. American Council of Teachers of Russian/American Council for Collaboration in Education and Language Study

Grant: $90,000
Purpose: To provide fellowships in advanced Russian language study in the USSR and intensive, advanced summer language training in Hungarian, Czech, and Slovak in Eastern Europe.
Contact: Dan E. Davidson
Director, USSR Program Group
ACTR/ACCELS
Fifth Floor
1617 Massachusetts Avenue, NW
Washington, DC 20036 • (202)328-2287

2. Council on International Educational Exchange

Grant: $45,000
Purpose: To support advanced Russian language fellowships at Leningrad State University in the semester and academic year programs.
Contact: Damon B. Smith
Deputy Executive Director
Cooperative Russian Language Program/CIEE
205 East 42nd Street
New York, NY 10017 (212)661-1414

3. Hoover Institution on War, Revolution and Peace at Stanford University

Grant: $200,000
Purpose: To support postdoctoral fellowships (6-12 months duration) and summmer research grants for scholars to conduct individual research projects on the USSR and Eastern Europe at Hoover.
Contact: Richard F. Staar
Coordinator
International Studies Program
Hoover Institution
Stanford, CA 94305 (415)723-1348

4. University of Illinois

Grant: $130,000
Purpose: To provide partial funding for the University's Slavic Reference Service and Summer Research Laboratory on Russia and Eastern Europe.
Contact: Diane Merridith
Program Administrator
Russian and East European Center
University of Illinois at Urbana-Champaign
1208 W. California Avenue
Urbana, IL (217)333-1244

5. International Research and Exchanges Board

Grant: $800,000
Purpose: To support a variety of activities facilitating access for American scholars to pursue research in the USSR and countries of Eastern Europe.
Contact: Barbara Sassone
IREX
126 Alexander Street
Princeton, NJ 08540-7102 (609)683-9500

6. Joint Committee on Eastern Europe

Grant: $480,000
Purpose: To support national competitions in the field of East European studies for advanced graduate training, dissertation research, post-doctoral research and language training fellowships; research conferences; and a junior scholar training workshop.
Contact: Jason Parker
Executive Associate
JCEE/American Council of Learned Societies
228 East 45th Street
New York, NY 10017 (212)697-1505

7. Joint Committee on Soviet Studies

Grant: $800,000
Purpose: To support a national fellowship program for advanced graduate training, dissertation completion, and postdoctoral research awards for junior scholars; a program of institutional awards for teaching positions; institutional grants for intensive training in the languages of the USSR; and a program for annual workshops in underrepresented fields.
Contact: Robert Huber
Staff Associate
JCSS/Social Science Research Council
605 Third Avenue
New York, NY 10158 (212)661-0280

8. National Academy of Sciences

Grant: $25,000

Purpose: To provide partial support for a program of bilateral workshops on the interrelationships among science and technology activities and economic, environmental and related policies in Eastern Europe.

Contact: Glenn Schweitzer,
Director, Soviet and East European Affairs
Office of International Affairs/NAS
2101 Constitution Avenue, NW
Washington, DC 20416 (202)334-2644

9. National Council for Soviet and East European Research

Grant: $1,214,000

Purpose: To conduct a national competition among American institutions of higher education and not-for-profit corporations in support of postdoctoral research projects on the USSR and Eastern Europe.

Contact: Robert Randolph
Executive Director
NCSEER
1755 Massachusetts Avenue, NW, Suite 304
Washington, DC 20036 (202)387-0168

10. Woodrow Wilson Center

Grant: $785,000 ($485,000 to Kennan; $300,000 to EEP)

Purpose: To support the research fellowships and meeting programs of the Kennan Institute for Advanced Russian Studies and the East European activities of the East and West European Program, including an annual junior scholars training seminar, co-sponsored with the JCEE.

Contact: Blair Ruble
Secretary, Kennan Institute
or
John Lampe
East and West European Program

The Wilson Center
370 L'Enfant Promenade, Suite 704
Washington, DC 20024-2518 (202)287-3000

TITLE VIII ACTIVITIES

Mr. BURLEIGH. Allow me to give you just a few examples of the success of Title VIII in expanding opportunities for Americans to pursue advanced research and training in the Soviet Union and the countries of Eastern Europe.

Last year, Title VIII helped American scholars take advantage of greater access to and freedom of inquiry into the region.

IREX, the International Research and Exchanges Board, provides grants to scholars who need quick access to data in the region to pursue collaborative research with their Soviet and East European counterparts and who wish to participate in joint projects in the humanities and social sciences based on bilateral agreements between IREX and the USSR and five East European nations.

Other Title VIII supported activities in the region include programs by the National Academy of Sciences for bilateral workshops on science and technology work in Eastern Europe and several language and area organizations for advanced on-site intensive language training in Russian, non-Russian Soviet and East European languages.

In 1989, Title VIII supported through the National Council for Soviet and East European Research, 21 new contracts for advanced research in the region, which are expected to produce 13 books, 33 articles and 4 data bases.

Others contributing to advanced research include the Woodrow Wilson Center and the Hoover Institution at Stanford University.

The University of Illinois Summer Research Lab and Slavic Reference Service are popular programs especially to younger scholars in the field.

Last year the university provided free dormitory housing to approximately 250 researchers to allow use of their extensive library holdings and the Reference Service assisted other scholars in locating hard to find resources.

I could go on with a list of similar accomplishments of the program, Mr. Chairman, with which I know you and your colleagues are familiar. I just want to make one final point.

ADVISORY COMMITTEE EMPHASES

I mentioned earlier the role of the federal advisory committee in making recommendations to the Secretary of State regarding grant recipients at given levels and purposes of awards.

The advisory committee has emphasized in the past two years support for East European studies through funding for language training and research.

In fiscal year 1990 the committee stressed attention to training in non-Russian Soviet languages and support for younger scholars.

In the analyses of the Soviet Union and especially Eastern Europe where we are faced with societies moving rapidly away from the communist past, U.S. analysts are being forced to reevaluate how they approach those societies in seeking to understand them. We recognize the need to review the direction of the program to reflect the changing realities and new challenges of the region.

In order to accomplish this, we plan a conference this summer to hear the views of grant recipients, prominent scholars, congressional staff, other government agencies supporting the Soviet and East European field and representatives of private foundations and businesses active in the region and the field.

We will solicit their advice on where the field is headed, what the new challenges are that face it, and what role Title VIII has to play in meeting those demands.

Thank you very much.

[The prepared statement of Mr. Burleigh follows:]

INTRODUCTORY STATEMENT

BY

A. PETER BURLEIGH
DEPUTY ASSISTANT SECRETARY
BUREAU OF INTELLIGENCE AND RESEARCH
US DEPARTMENT OF STATE

Mr. Chairman, it is a pleasure to have this opportunity to share with you some of the accomplishments of the "Title VIII" program which supports advanced research and training on the Soviet Union and countries of Eastern Europe. I have submitted to the Committee a written statement detailing the program's activities and its use of federal funds appropriated last year.

I would like to discuss the program, formally known as the Soviet and East European Research and Training Act of 1983, in the context of the kaleidoscopic changes underway in the region. Last year, we testified before you about the potential for change. That potential has been realized to a greater degree than we ever could have predicted. Under the leadership of President Gorbachev, we have seen in Soviet society the introduction of virtually free elections, the establishment of a representative body, and constitutional and legal reforms. The changes in Eastern Europe have been even more dramatic as old style communist governments have been ousted or forced to reform in Poland, Hungary, Czechoslovakia, the GDR, Bulgaria, and Romania. As fascinated as we may be by these events, we must not neglect the need to understand the forces behind them, nor fail to recognize the many obstacles along the path to democratization. It seems likely that, for at least a generation, these nations will be "post-communist" -- a previously unknown species bearing the deep imprint of their forty-year-old communist experience as well as some unresolved pre-war problems. In this time of transition, we are placing increasing demands on our scholarly community to decipher fast-paced events, predict possible scenarios, and make sound recommendations for US responses.

Fortunately, the foresight of Congress, government and the academic community early in the last decade put in place a mechanism to encourage scholars to make a professional commitment to the Soviet-East European field. Administered by the State Department, Title VIII has received annual appropriations of about 4.6 million dollars since FY 1985. The funds have been critical to reviving this area of study essential to US foreign policy and national security. More dollars could be put to effective use, but given current fiscal constraints, our request for the coming year has been held to the previous level of 4.6 million dollars.

Title VIII has helped American scholars understand and interpret the uncertainties of the new era. Through difficult times, these scholars carefully nurtured relationships with their counterparts in the region. Many of these same Soviet and East European intellectuals now play important roles in restructuring their societies. Their American colleagues, who know them well, are better able than ever to shed light on the course of events in the region. The current changes present extraordinary opportunities for US scholars to expand those mutually beneficial contacts and Title VIII is well placed to enable them to take advantage of the unprecedented access.

In selecting grant recipients and guiding the program, the Secretary of State is indeed fortunate to have the valuable assistance of the Soviet and East European Studies Advisory Committee, established by the legislation. Its members bring to bear the perspectives and experience of the Departments of State, Education and Defense, the Library of Congress, and the major associations of research universities and Slavic specialists. With their help -- and the dedication and professionalism or the grant recipients themselves and other members of the field -- the Title VIII program remains committed to its legislative mandate, respected for its promotion of scholarly freedom and more timely than ever. At a time when so much attention rightly is being focussed on providing assistance to the countries of the region, we must not overlook the needs of our own specialists on whose counsel we depend.

These are the professionals from whom the US government recruits and whose books, articles, op-ed pieces, and media interviews educate us all. Their contribution has been more evident in the past 12 months than perhaps ever before as US print and media journalists have turned to them to help the American people understand often confusing events. We in the State Department also have turned to them through conferences, research projects, and private consultations, for advice. The nation as a whole depends on their professional commitment and continuing pursuit of knowledge.

Allow me to give you a few examples of the success of Title VIII in expanding opportunities for Americans to pursue advanced research and training on the Soviet Union and countries of Eastern Europe:

-- Last year, Title VIII helped American scholars take advantage of greater access to and freedom of inquiry in the region. The International Research and Exchanges Board (IREX) provides grants to scholars: 1) who need quick access to data resources in the region; 2) who wish to pursue collaborative research with their Soviet and East European counterparts; and 3) who wish to participate in cooperative projects in the humanities and social sciences based on bilateral agreements between IREX and the USSR and five East European nations.

-- Other Title VIII supported activities in the region include programs by the National Academy of Sciences for bilateral workshops on science and technology policy in Eastern Europe; and by several language and area organizations for advanced on-site intensive language training in Russian, non-Russian Soviet and East European languages.

-- In 1989, Title VIII supported through the National Council for Soviet and East European Research 21 new contracts for advanced research on the region, which are expected to produce about 13 books, 33 articles, and 4 databases. Others contributing to advanced research include: the Woodrow Wilson Center and the Hoover Institution which sponsored about 50 long- and short-term fellowships and nearly 100 meetings focussed on current research.

-- The University of Illinois' Summer Research Lab and Slavic Reference Service are popular programs, especially to younger scholars in the field. Last year, the University provided free dormitory housing to approximatley 250 researchers to allow use of their extensive library holdings; and the Reference Service assisted about 800 scholars in locating hard-to-find resources through their worldwide library network.

-- Support for graduate training continues to strengthen the Soviet-East European field. The Joint Committee on Soviet Studies and the Joint Committee on Eastern Europe awarded ten fellowships for advanced graduate training; 14 for dissertation write-up; and 15 for junior scholar postdoctoral research. Attention to the developmental stages of a career seems to ensure that students make a professional commitment to the field. The JCSS also provides support for junior faculty positions and for language study in advanced Russian and at all levels of the non-Russian Soviet languages.

-- The results of Title VIII supported research are widely disseminated in the US through conferences and the publication of books, journal articles, summary reports, and occasional papers. Much of this research brings together specialists from the government, academic community, and to an increasing degree, the private sector.

I mentioned earlier the role of the federal advisory committee in making recommendations to the Secretary of State regarding grant recipients, and levels and purposes of awards.

The Advisory Committee has emphasized in the past two years support for East European studies through funding for language training and research. In Fy 1990, the Committee stressed attention to training in non-Russian Soviet languages and support for younger scholars.

A recent survey commissioned by the Advisory Committee, and conducted by the AAASS, shows that from 1987 to 1988 there was a 10 percent increase in faculty positions and a 12 percent increase in courses on the region. Enrollments at all levels, undergraduate, master's programs, and Ph.D. candidates, have increased substantially across the US since the advent of Mr. Gorbachev. We just received figures from the National Council for Soviet and East European Research which show a 36 percent increase in graduate enrollment in courses on the USSR and Eastern Europe from 1984 to 1988. Interest clearly is growing among American students, but federal assistance is needed to encourage them to make a professional commitment. It is noteworthy that the American Association for the Advancement of Slavic Studies clearly attributes growth in the field to the success of the Title VIII program in reviving Soviet-East European studies in the US and recognizes the program as a model for federal support for area studies.

In their analysis of the Soviet Union, and especially Eastern Europe, where we are faced with societies moving rapidly away from the communist past, US analysts are being forced to re-tool, to re-evaluate how they approach those societies in seeking to understand them. We recognize the need to review the direction of the program to reflect the changing realities and new challenges of the region. We plan a conference this summer to hear the views of grant recipients, prominent scholars, Congressional staff, other government agencies supporting the Soviet-East European field, and representatives of private foundations and businesses active in the region and field. We will solicit their advice on where the field is headed, what are the new challenges facing it, and what role Title VIII has to play in meeting those demands.

Foremost in many minds is Title VIII's pending deadline in 1993. Soviet and East European studies in the US is clearly stronger now than five years ago, but we do not have yet the stable, long-term research base Title VIII seeks to create. From 1987 to 1988 the percentage of scholars under the age of 30 decreased and over the age of 50 increased. A generation of our leading specialists trained in the early post-war years will leave the profession during this critical decade. Through Title VIII, we are working hard to ensure that a new generation will be well-trained and prepared to take their place, to perform functions which are vital to the nation's interest.

Mr. **Dwyer**. Thank you, Mr. Burleigh.

FY 1991 REQUEST FROM OMB

Your authorization for the next fiscal year would have been $5.2 million? What did you ask OMB for?

Mr. **Burleigh**. The department asked OMB for $4.8 million.

Mr. **Dwyer**. $4.8 million.

Mr. **Burleigh**. Yes. So it was reduced slightly.

Mr. **Dwyer**. The authorization was $5.2?

Mr. **Burleigh**. Yes.

Mr. **Dwyer**. The department asked for $4.8?

Mr. **Burleigh**. Correct.

OPPORTUNITIES MISSED BY REDUCTION

Mr. **Dwyer**. In your opinion, what opportunities will we miss with this?

You referred to it in your statement, the opportunities that exist. Just what will we miss?

Mr. **Burleigh**. Well, I think determining the new opportunities and what we are missing is one of the purposes of this conference we are proposing and that the advisory committee has suggested is timely. It will focus on two areas; one, the impact of the dramatic changes with which we are all familiar on the field of Soviet and East European, and the other, studies the question of what happens after 1993 to the legislation that was authorized in 1983 for 10 years.

Mr. **Dwyer**. Ten-year authorization?

Mr. **Burleigh**. That is right. And this conference will have the very serious purpose of making specific recommendations about what we can do with Title VIII and its implementation that will better address the evolving situation and the changes in the Soviet Union and Eastern Europe, and we will be back with proposals after that conference for the next year.

But I would feel uncomfortable saying I think we are missing opportunities now. It is actually a very successful program which is spreading its activities ultimately through hundreds of end-users domestically and throughout the region.

USE OF INCREASE FUNDS

Mr. **Dwyer**. In your statement you used the term, if you had more dollars they could be put to more effective use.

Could you describe what you mean by effective use or are you just going to be a good soldier this morning?

Mr. **Burleigh**. By definition I am a good soldier.

I think we would intend to do more of what we have been doing, frankly, and also get the advice of the experts in the region as to where we might expand. But also we need to coordinate to make sure we are not duplicating efforts from the private sector and foundations that also are active in this area.

The purpose of the legislation originally was for the Federal Government to supplement the activities of the private sector and foundations. Another one of the purposes of the conference is to hear what others are planning to do in these same changed circumstances.

Mr. DWYER. Mr. Smith.

SUPPORT FOR NON-RUSSIAN SOVIET LANGUAGES

Mr. SMITH. I heard you refer a couple of times to non-Russian Soviet languages.

Mr. BURLEIGH. Yes.

Mr. SMITH. How many are there?

Mr. BURLEIGH. Do we have anyone here who might know?

There are just over 100. Several examples are Ukrainian, for example, and Georgian.

Mr. SMITH. How do you decide which ones you will spend money on?

Mr. BURLEIGH. The advisory committee, which is made up of both government representatives and representatives of the scholarly community who focus on the area, review proposals from American institutions which may propose, for example, to focus on those languages by conducting open national competition.

As far as the implementation of the program is concerned, no languages are ruled out.

PROCEDURE FOR LANGUAGE SUPPORT

Mr. SMITH. Is there competition between those that are interested in one language compared to another?

Mr. BURLEIGH. Yes, there is. Title VIII makes awards to national organizations which, in turn, conduct national, open competitions to get the funds out to end-users, either individual scholars or other institutions.

Mr. SMITH. How do you decide which language is more important?

Mr. BURLEIGH. The advisory committee will, in effect, vote on the proposals based on the substance of the proposal as well as the record of the institution.

[The following information was provided subsequent to the hearing:]

The advisory committee relies on the expertise of the grant recipient, who is at the grassroots level of the field, to make judgments regarding the needs of the field.

In FY 1990, Title VIII provided funds to the Joint Committee on Soviet Studies for its national competition among institutions offering instruction in the non-Russian Soviet Languages. Last year, they supported four such institutions with Title VIII funds. Harvard for Ukrainian; Indiana University for Georgian; and the University of Washington and UCLA for Uzbek. The languages supported are dependent upon the proposals submitted to Title VIII grant recipients.

Mr. SMITH. What criteria would they use to determine which one is more important than another?

Mr. BURLEIGH. They review proposals which describe national programs in the field and base their recommendations on the organizations' track records in conducting such research and training programs in the Soviet-East European field.

We have encouraged as a matter of policy the broadest range of different language groups.

Mr. SMITH. The languages are so different though, there is no way to——

Mr. BURLEIGH. Let me just mention, Title VIII has supported in the past the study, for example, of Albanian, Azeri, Czech, Bulgarian, Georgian, Hungarian, Kazakh, Latvian, Ukrainian and Uzbek.

Mr. SMITH. That is all I have.

Mr. BURLEIGH. I would guess that would expand.

It seems to become broader every year.

Mr. SMITH. Are you getting into the eastern Soviet Union languages?

Mr. BURLEIGH. Yes.

Mr. SMITH. Mongolian? That isn't a language, but——

Mr. BURLEIGH. No, the legislation does not specify Mongolia as an area of focus.

Mr. SMITH. The language they use?

Mr. BURLEIGH. No, but I believe we have some proposals or at least there is a review going on about some of the languages of Moslem and other ethnic groups in the central eastern region of the Soviet Union.

Mr. SMITH. Thank you.

EVALUATION OF GRANT RECIPIENT PROGRESS

Mr. DWYER. Thank you, Mr. Smith.

I was looking over your list of grants as of January 10, 1990. They were approved for the last fiscal year.

You have been in operation since 1985. Do we have any reports from any of these grant recipients? Have you received reports from them at some point?

Mr. BURLEIGH. They give us a status report on the implementation of their particular programs every year and we carefully monitor their activities to ensure they are fulfilling the grants. They are required to submit to us an annual report.

Mr. DWYER. But do you have any evaluation of the success of the program?

I see "800,000 to support a variety of activities facilitating access for American scholars to pursue research in the USSR." I suppose you got a report on that grant.

Mr. BURLEIGH. We do. We get documentation of how each dollar is spent, i.e., cash transactions and performance reports quarterly; a financial status report semi-annually; and an annual report.

Mr. DWYER. Is that put in a complete report for a given fiscal year or two year period?

Mr. BURLEIGH. Our annual submissions contain detailed descriptions of the program's accomplishments during the prior year. We have not done this for the entire program but we will be doing so as part of this conference.

Mr. DWYER. I understand, but it would be helpful for the record——

Mr. BURLEIGH. I take the point, yes.

Mr. DWYER. For the Congress to get a feel of what you are accomplishing in this area.

Mr. BURLEIGH. Yes.

Mr. DWYER. By the time this program expires it would have spent about $50 million.

Mr. **Burleigh**. Yes. We are happy to do that by providing the committee with the papers produced for the conference, and we can continue to do this in our annual submissions.

Mr. **Dwyer**. That would be fine, okay.

[Clerk's note.—Reports to be provided to the Subcommittee following the Conference on Soviet-East European Studies to be held in the State Department in August 1990.]

Mr. **Dwyer**. Thank you very kindly.

Mr. **Burleigh**. Thank you.

[The following questions were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

Soviet-East European Research and Training

QUESTION: The legislation which established this program provides for a Soviet and East European Studies Advisory Committee to select grant recipients and guide the program. What recommendations has the Committee made to respond to the opportunities in Eastern Europe and the Soviet Union?

ANSWER: The Advisory Committee has been greatly concerned with the events over the past year in the Soviet Union and countries of Eastern Europe. In evaluating grant recipients in FY 1990, it placed greater attention on proposed activities in the region. One of the greatest benefits of the current changes is the increased access to scholars and institutions in the region. Because the changes are so far-reaching, the Committee agreed to convene a meeting this summer to assess the accomplishments of Title VIII and the impact of the changes on the Soviet and East European field in the US. This meeting will include participation by past grant recipients, prominent scholars, Congressional staff, representatives of private foundations and other government agencies.

In FY 1990, the Advisory Committee enhanced where possible support for East European studies to support activities in the US and in Eastern Europe. For example, the Committee recommended for the first time support to the American Council for Collaboration in Education and Language Studies (ACCELS) for fellowships for on-site, intensive language study in Hungarian at Karl Marx University; Czech at Charles, Purkyno and Palackeho Universities; and Slovak at Comenius University. ACCELS currently is negotiating similar arrangements for Polish in Warsaw and Serbo-Croatian in Zagreb.

The Committee also supported in FY 1990 the National Academy of Sciences' bilateral workshops on Science and Technology policy in Eastern Europe based on existing agreements between the NAS and its counterpart Academies in Bulgaria, Czechoslovakia, Hungary, the GDR, Poland, Romania and Yugoslavia. The workshops focus on mutual concerns, such as the environment, agriculture and economic management.

In FY 1990, the Committee recommended increased funding to the Council on International Educational Exchange (CIEE) to support academic year fellowships in advanced Russian at Leningrad State University. Given the growing need to understand the various nationalities in the USSR, the Committee has placed greater emphasis on support for non-Russian Soviet languages by providing funds to the Joint Committee on Soviet Studies to support such language institutes, for example, Ukrainian at Harvard University; Georgian at Indiana University; and Uzbek at UCLA and the University of Washington.

Finally, the Committee recommended increased support to the International Research and Exchanges Board (IREX) which allows American scholars to conduct research with their counterparts in the USSR and Eastern Europe. For example, IREX supports US-Hungarian collaborative research on financial accountability, and economic performance. Through Title VIII, IREX has extended its system of cooperative projects with the USSR, Hungary, Poland, GDR, Czechoslovakia and Romania on such topics as factory management practices, problems of the world economy, and US-Soviet political and economic relations.

QUESTION: In your statement you indicated that more dollars could be put to effective use. What was your budget request to the Department, and what was the Department's request to OMB for this activity?

ANSWER: The request for the FY 1991 budget to the Department was $5.0 million. That amount was reduced by the Department to $4.8 million. The final request by the Administration was settled between the Department and OMB at $4.6 million.

QUESTION: How will these reductions affect your activities for FY 1991?

ANSWER: The reduction means that we will be able to do fewer of the projects supported by Title VIII, i.e., fewer graduate and language training fellowships, which average per student about $15,000 and $7,000, respectively; fewer contracts with institutions of higher education for post-doctoral research projects, up to $50,000 each; and less support for individual post-doctoral research fellowships, about $30,000.

The Advisory Committee will continue to support all activities stipulated in the legislation: graduate training; advanced research; public dissemination of research data, methods, and findings; contact and collaboration among Government and private specialists; and firsthand experience of the Soviet Union and Eastern European countries by American specialists, including on site conduct of advanced training and research. With reduced funds, the Advisory Committee will be forced to make difficult decisions regarding support among many worthwhile programs.

QUESTION: In your statement you refer to the 1993 deadline for the program and to the progress that has been made in Soviet and East European Studies. You also indicate that we do not yet have a stable, long-term research base in this area. How much longer do you think it will take to create such a base?

ANSWER: To evaluate such questions, the Advisory Committee tracks trends in the field by providing support to the American Association for the Advancement of Slavic Studies (AAASS), the national professional organization for the field, to survey its individual and institutional membership. The results of the 1988 survey show increased numbers of faculty positions and courses taught and other encouraging figures pointing to growing interest in the field. The data also revealed, however, that the average age of specialists in the field was rising, i.e., in 1987, 33 percent of respondents were over 50 and 12 percent under 30 years old. By 1988, that gap had widened to 36 percent over 50 and 10 percent under 30.

The Advisory Committee has emphasized support for younger scholars and believes that this cadre is still in the training pipeline. The stable, long-term research base continues to strengthen and those younger scholars, who have been supported since the early years of Title VIII, should be completing soon their doctoral programs (estimated to take about seven years). It is at this point that these scholars can make a professional commitment to the Soviet and East European field and contribute to the establishment of the stable, long-term research base.

TUESDAY, MARCH 13, 1990.

FISHERMEN'S PROTECTIVE FUND

WITNESS

MICHAEL J. MATHESON, DEPUTY LEGAL ADVISER, STATE DEPARTMENT
JOHN KNOX, OFFICE OF INTERNATIONAL CLAIMS, STATE DEPARTMENT

Mr. **DWYER** [presiding]. The last item we will consider this morning is the fiscal year 1991 budget request for the Fishermen's Protective Fund. The request is for $500,000. This amount is a reduction of $500,000 from the appropriations for the account for fiscal year 1990.

We shall insert the budget justifications in support of this request into the record at this point.

[The justifications follow:]

FISHERMEN'S PROTECTIVE FUND

For expenses necessary to carry out the provisions of the Fishermen's Protective Act of 1967, as amended, [$1,000,000] *$500,000.* *(Department of State Appropriations Act, 1990.)*

FISHERMEN'S PROTECTIVE FUND

FY 1991

SUMMARY STATEMENT
(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
--	$--	--	$1,000	--	$500	--	-$500

I. Summary

The Fishermen's Protective Act of 1967, as amended by Public Law 98-364, provides compensation when a foreign country seizes a U.S. fishing vessel on the basis of: (1) claims to jurisdiction not recognized by the U.S., (2) claims to jurisdiction recognized by the U.S., but exercised in a manner inconsistent with international law as recognized by the U.S., or (3) any general claim to exclusive fishery management with conditions and restrictions that the U.S. refuses to recognize. The Fishermen's Protective Fund was established under the Act to compensate vessel owners for direct charges, including fines and license fees paid to secure the release of a seized vessel and its crew, unless there is clear and convincing credible evidence that the seizure does not meet the statutory criteria.

II. Current Programs

The United States is obliged under the Act to pay the balance due on currently certified claims which total $716,520. Partial payments were issued on two of those claims from prior appropriations, and final payments will be made in FY 1990. In addition, claims pending currently before the Department amount to $299,558. The following summarizes claims currently before the Department.

Certified Claims:

Vessel Owner	Vessel	Seized By	Amount Certified	Payments To-Date	Balance
Delta Fishing Company	Priscilla M	Federated States of Micronesia	$358,000	$232,449	$125,551
Tradition Quest Incorporated	Tradition	Kiribati	1,218,586	791,228	427,358
Mosich-Vilicich Corporation	Mauritania	Mexico	72,226	--	72,226

FISHERMEN'S PROTECTIVE FUND

Certified Claims: (continued)

Vessel Owner	Vessel	Seized By	Amount Certified	Payments To-Date	Balance
Pacific Princess Partnership	Pacific Princess	Federated States of Micronesia	$38,000	$--	$38,000
Robert + Dorothy Pringle	Karen Kristie	Mexico	32,520	--	32,520
Joseph Murat + Associates; Pacific Knight	Laurie Ann	Mexico	20,865	--	20,865
Total Payments Due for Certified Claims					716,520

Pending Claims:

Vessel Owner	Vessel	Seized By	Amount Claimed	Payments To-Date	Balance
Clark Seafood Company	Carmen	Colombia	$82,446	$--	$82,446
Sea Encounter, Inc.	Sea Encounter	Western Samoa	100,000	--	100,000
Pete's Dream Corp.	Pete's Dream	Nicaragua	117,112	--	117,112
Total Pending Claims					299,558
Total Payments Due for Certified Claims					716,520
Total Claims					1,016,078

III. 1991 Plans

For FY 1991, the Department is requesting $500,000 to ensure prompt reimbursement for the illegal losses suffered by U.S. fishermen at the hands of foreign governments. Although it is difficult to predict the number and volume of future claims, experience indicates that valid claims will be submitted. The requested funds will allow the Department to keep pace with the volume and costs of claims anticipated to be certified as valid through FY 1991 ensuring prompt payment and avoiding economic hardship to U.S. fishermen and ensuring that the United States meets its obligations under the Act promptly.

Fishermen's Protective Fund

SUMMARY OF ACTIVITIES
FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Base	1990 Supplementals/ Adjustments	1990 Estimate	1991 Program Changes	1991 Request
Fishermen's Protective Fund...........................	—	$1,000	—	$1,000	-$500	$500
GRAND TOTAL	—	1,000	—	1,000	-500	500

Fishermen's Protective Fund

SUMMARY OF CHANGE
(DOLLARS IN THOUSANDS)

Program Activities	POSITIONS American Pos.	FSNs	Total	FUNDS Bureau Managed	American Salaries	Total
1989 ENACTED....................	--	--	--	--	--	--
1990 BASE.......................	--	--	--	$1,000	--	$1,000
1990 ADJUSTMENTS...............	--	--	--	--	--	--
1990 ESTIMATE..................	--	--	--	1,000	--	1,000
1991 PROGRAM CHANGES						
Fishermen's Protective Fund.........................	--	--	--	-500	--	-500
TOTAL PROGRAM CHANGES........	--	--	--	-500	--	-500
1991 REQUEST...................	--	--	--	500	--	500

Fishermen's Protective Fund

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
4100 GRANTS, SUBSIDIES AND CONTRIBUTIONS.......	$--	$1,000	-$500	$500	-$500
Total, Budget Unit	--	1,000	-500	500	-500

FISHERMEN'S PROTECTIVE FUND

FY 1991

Justification of Program Activities

(dollars in thousands)

	Positions		Funds
	American	FSN	
991 Request......................	--	--	$500

The requested funds will allow the U.S. to continue to meet its obligations under the Fishermen's Protective Act of 1967, as amended by Public Law 98-364. It is essential for the Department to have sufficient flexibility to resolve valid claims promptly. Without that flexibility fishing vessel owners stand to suffer significant financial setbacks when their vessels are unlawfully seized by foreign governments. Seizures of vessels obviously cannot be predicted. Therefore, to ensure effective compliance with the Act and to avoid undue payment delays, adequate financial resources must be made available.

In FY 1988 and FY 1989, the Department certified claims totalling $1,740,197 but, due to insufficient funding, the Department was limited to providing partial payments totalling $1,023,677. The outstanding balance due of $716,520 will be paid from the FY 1990 appropriation. In addition, currently under review are three claims amounting to another $299,558. If additional claims are submitted, and experience indicates that certainly will happen, the FY 1991 request of $500,000 will avoid payment delays and ensure that the United States fulfills its obligations under the Act promptly.

GENERAL STATEMENT

Mr. **DWYER**. Here to testify in support of this request is Michael J. Matheson, Deputy Legal Adviser, with the Department of State.

Mr. Matheson, please, proceed with your statement at your own pace.

Mr. **MATHESON**. Thank you, Mr. Chairman.

I have submitted a statement for the record.

I would like, with your permission, to give a shorter version of that statement to summarize the main points.

The Department of State is, as you have said, requesting $500,000 for fiscal year 1991 to replenish the Fishermen's Protective Fund.

SECTION 3

Section 3 of the Fishermen's Protective Act offers compensation through the Fund for direct charges paid to secure the release of a vessel and crew that had been seized by a foreign country under jurisdictional claims or conditions which are not recognized by the United States.

Section 7 of the Act on which Deputy Assistant Secretary DeVos will be testifying on March 20, offers compensation through the Fishermen's Guaranty Fund for other types of losses, including the damage to the vessel and to lost catch.

The Fishermen's Protective Fund was depleted in June of 1988. As a result, the Department was not able to pay in full all of the Section 3 claims which it approved in fiscal years 1988 and 1989.

Of the $1 million appropriated in fiscal year 1990, about $717,000 is being used to pay off this backlog of claims. The remaining $283,000 is available to pay subsequent Section 3 claims and, in fact, claims have been submitted this year for a total of almost $300,000.

Although it is difficult to predict the number and size of future claims, experience provides some guidance.

Since 1985, the Department has approved an average of about $500,000 a year in Section 3 claims and based on this experience we believe that a request of $500,000 is reasonable to ensure prompt payment of Section 3 claims through fiscal year 1991.

I have with me Mr. John Knox of the Department's Office of International Claims, and we would be happy to answer any questions you may have.

[The prepared statement of Mr. Matheson follows:]

DEPARTMENT OF STATE
1991 BUDGET ESTIMATES

STATEMENT OF
DEPUTY LEGAL ADVISER MICHAEL J. MATHESON
OFFICE OF THE LEGAL ADVISER

Before

THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS

for

COMMERCE, JUSTICE, STATE, THE JUDICIARY

FISHERMEN'S PROTECTIVE FUND

March 13, 1990

Mr. Chairman and Members of the Committee:

The Department of State is requesting $500,000 for fiscal year 1991 to replenish the Fishermen's Protective Fund of the Fishermen's Protective Act (FPA).

The Fund provides compensation when a foreign country seizes a U.S. fishing vessel on the basis of : 1) claims to jurisdiction not recognized by the United States; 2) claims to jurisdiction recognized by the United States but exercised in a manner inconsistent with international law as recognized by the United States; or 3) any general claim to exclusive fishery management with conditions and restrictions that the United States refuses to recognize.

Section 3 of the Act, through the Fishermen's Protective Fund, offers compensation for direct charges, including fines and license fees, paid to secure the release of a seized vessel and its crew, unless there is clear and convincing credible evidence that the seizure does not meet the statutory criteria. Section 7, on which Assistant Secretary for Oceans, Environmental and Scientific Affairs, Frederick Bernthal will testify on March 20, offers compensation through the Fishermen's Guaranty Fund for other types of losses, including damage to the vessel and lost catch.

Section 9 of the FPA provides that the Fishermen's Protective Fund will be replenished from appropriations and any monies paid by foreign countries in satisfaction of claims presented by the Secretary under the Act.

Because the Fund was depleted in June 1988, the Department was not able to pay in full all of the section 3 claims it approved in fiscal years 1988 and 1989. Of the $1 million appropriated in fiscal year 1990, $717,000 required to pay the backlog of claims; the remaining $283,000 is available to pay current and future section 3 claims approved by the Department.

Although it is difficult to predict the number and size of claims that will be filed under the FPA in the future, experience indicates that claims will be filed which will require substantial amounts to be paid from the fund before the end of fiscal year 1991. Since 1985, the Department has approved an average of about $500,000 a year in FPA claims.

Based on this experience, we believe that $500,000 should be sufficient to ensure prompt payment of the section 3 claims approved in fiscal year 1991.

Mr. Chairman, this concludes my statement. I would be pleased to respond to any questions the Committee might have.

AVAILABLE BALANCE

Mr. Dwyer. I wasn't doing the math that you recited your claims, but what type of balance are you going to have in that account at the end of this fiscal year, if indeed you have a balance?

Mr. Matheson. I referred to a backlog for prior years which was paid out of the money appropriated last year. That will use up all but about $283,000 of the money which has already been appropriated.

We have pending claims for this year of almost $300,000. We will not necessarily pay all of this. We may find that some of the charges are not adequately justified. We may find that some of the claims do not meet the requirements of the Act.

But basically, at the moment we have a rough equivalence between the amount of claims for this year and the amount of money that would be available. So, if you want to look at it that way, the $500,000 is all available for claims for the fiscal year for which its being appropriated.

Mr. Dwyer. Again, if I followed your numbers correctly, if you paid everything in the exact amount that is pending, you would have a deficiency?

Mr. Matheson. We would have a small deficiency.

Mr. Dwyer. Yes. How would you address that deficiency?

Mr. Matheson. Well, we would do it the way we have done this past year: we would certify the claim to the Treasury but the amounts would not be paid until amounts were appropriated for it. Again, there is no reason to think we will——

Mr. Dwyer. Same way you run your household bills?

Mr. Matheson. Well, again there is no reason to think we would necessarily certify everything claimed. This situation is relatively reasonable in terms of situations we have had in the past as to the comparison between the claims and the amounts.

Mr. Dwyer. Thank you.

Mr. Smith?

Mr. Smith. No questions.

Mr. Dwyer. No further questions.

Thank you very much.

The committee will stand in adjournment until 2:30 p.m. Thank you for being here.

[The following questions were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

Fisherman's Protective Fund

QUESTION: What were the claims that were paid in FY 1989, what were the circumstances surrounding those claims, and what was the balance remaining in the fund after such payments?

ANSWER: The Department certified three claims for payment in FY 1989. The Pacific Princess was seized by the Federated States of Micronesia for fishing for tuna 180 miles from FSM TERRITORY. The Department certified the claim for $38,000 in January 1989. The Karen Kristie and the Laurie Ann were seized by the Government of Mexico within its territorial sea. They were charged with various violations of Mexican laws, but not with illegal fishing. Both vessels' owners submitted claims and both claims were approved in August 1989. The Department certified the Karen Kristie's claim for $32,520, and the Laurie Ann's claim for $20,864.53. No payment has been made on the three claims, as the Fisherman's Protective Fund was depleted in FY 1988. Payment will be made from the $1,000,000 appropriated for the Fund for FY 1989. After payment of these claims and the other certified claims with the FY 1989 appropriated funds, about $280,000 will remain in the Fund.

QUESTION: What payments do you anticipate will be certified and paid in FY 1990, and what is the anticipated balance remaining in the fund after such payments are made?

ANSWER: There are three claims pending with the Department under Section 3 of the FPA, with a face value of just under $300,000. At this point, it is impossible to predict what portion of these claims will be certified, or whether new claims will be filed. The face value of these pending claims will be approximately equal to the balance of the Fund after the FY 1990 appropriation is applied to the backlog of unpaid certified claims.

QUESTION: Have there been any new seizures of vessels by foreign governments in the last 12 months?

ANSWER: In August 1989, Nicaragua seized two fishing vessels. It charged one of the fishing vessels $70,000 before releasing it. The owner of that vessel has filed a claim under the FPA. In July 1989, Wester Samoa seized a vessel and charged it $100,000 before releasing it. Its owner has also filed a claim under the FPA. The Department has heard of no other seizures in the last 12 months.

QUESTION: What new claims do you anticipate will be made in FY 1991?

ANSWER: It is impossible to predict the number and value of claims that will be filed in the future. Over the past five years, certified claims have averaged about $500,000 per year.

TUESDAY, MARCH 13, 1990.

SALARIES AND EXPENSES

WITNESSES

IVAN SELIN, UNDER SECRETARY FOR MANAGEMENT

JILL E. KENT, CHIEF FINANCIAL OFFICER

ARTHUR W. FORT, ASSISTANT SECRETARY FOR ADMINISTRATION

CLARK DITTMER, DEPUTY ASSISTANT SECRETARY AND DIRECTOR, DIPLOMATIC SECURITY SERVICE

ROBERT L. CAFFREY, DEPUTY ASSISTANT SECRETARY FOR SYSTEMS OPERATIONS

GENERAL STATEMENT

Mr. SMITH. This afternoon we have salaries and expenses under the Administration of Foreign Affairs in the Department of State. The request is for $1,960,378,000, and that is an increase of $113,987,000. We shall insert the justification materials submitted in support of this request into the record at this point.

[The justifications follow:]

TITLE III--DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

SALARIES AND EXPENSES

For necessary expenses of the Department of State and the Foreign Service, not otherwise provided for, including obligations of the United States abroad pursuant to treaties, international agreements, and binational contracts (including obligations assumed in Germany on or after June 5, 1945) and expenses authorized by section 9 of the Act of August 31, 1964, as amended (31 U.S.C. 3721), and section 2 of the State Department Basic Authorities Act of 1956, as amended (22 U.S.C. 2669); telecommunications; expenses necessary to provide maximum physical security in Government-owned and leased properties and vehicles abroad; representation to certain international organizations in which the United States participates pursuant to treaties, ratified pursuant to the advice and consent of the Senate, conventions, or specific Acts of Congress; acquisition by exchange or purchase of passenger motor vehicles as authorized by 31 U.S.C. 1343, 40 U.S.C. 481(c) and 22 U.S.C. 2674, except that passenger motor vehicles with additional systems and equipment may be purchased without regard to any price limitation otherwise established by law as authorized by 31 U.S.C. 1343(c), [$1,741,239,000] *$1,906,378,000*, and in addition not to exceed $250,000 in registration fees collected pursuant to section 38 of the Arms Export Control Act, as amended, may be used in accordance with section 38(b)(3)(A) of such Act (section 1255(c) of Public Law 100-204). [In addition, not to exceed $51,152,000, to remain available until expended, may be transferred to this appropriation from "Acquisition and Maintenance of Buildings Abroad": *Provided*, That the level of service provided through the Foreign Affairs Administrative Support System (FAAS) shall be commensurate with the amounts appropriated, or otherwise made available therefor in appropriations Acts.] *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Note.—Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State and the United States Information Agency may be obligated and expended at a rate not exceeding the rate available for fiscal year 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The following schedules assume the repeal of this provision.

SALARIES AND EXPENSES

FY 1991 overview

Summary Statement
(dollars in thousands)

Activity	1989 Enacted	1990 Estimate	1991 Request	Incr or Decr (-)
Regular Operations	$1,488,560	$1,461,226	$1,607,423	$146,197
Diplomatic Security	300,440	331,165	298,955	-32,210
Appropriation Total	$1,789,000	$1,792,391	$1,906,378	$113,987

Note: The total amount requested by the Department for Diplomatic Security for FY 1991 is $363,955,000 which includes $65,000,000 for Construction Security requirements proposed for reprogramming from unobligated balances in the Foreign Buildings Appropriation.

Section 614

Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The above FY 1990 estimates assume the repeal of this provision.

S&E budget summary

Changes in positions and funding from 1990 to 1991 are identified in the following table. In general, this modest request is required to meet mandatory inflation requirements, assure that the U.S. Government continues to accrue benefits provided by economies of scale from consolidated overseas administrative support, and continue only two high priority projects: DOSTN and a much needed renovation of Main State buildings.

SALARIES AND EXPENSES (continued)

Highlights of budget changes

Summary Statement
(dollars in thousands)

	Positions	Funds
1990 Appropriation..................	20,060	$1,741,239
Transfer from Foreign Building Appropriation....................	--	51,152
1990 Estimate........................	20,060	1,792,391
Adjustments to Base:		
Construction Security............	--	-45,000
Arms Control and Disarmament Agency, Geneva Admin Support...	--	9,000
Restoration of Administrative Support for Foreign Affairs Agencies.........................	585	67,618
Subtotal.......................	585	31,618
Built-in-Changes		
Decreases:		
Non-Recurring Costs:		
Moscow Refugee Processing........	--	-3,905
Information Management Central System Support.........	--	-3,450
Economic Summit..................	--	-5,213
Total Decreases..............	--	-12,568
Increases:		
Annualization of 1990 Increases:		
FSN Wages Increases..............	--	4,005
1990 American Salary Increase....	--	6,061
1990 Health Benefits Increase....	--	1,145
Price Increases..................	--	6,371
Subtotal, Annualization.......	--	17,582

Highlights of budget changes (continued)

Summary Statement
(dollars in thousands)

	Positions	Funds
Anticipated 1991 Increases:		
FSN Wage Increases...............	--	5,911
American Within-Grade Increases..	--	6,794
Extra Days Pay..................	--	2,577
1991 American Salary Increase....	--	8,224
1991 Senior Pay Increase.........	--	7,761
Overseas Price..................	--	10,538
Domestic Price..................	--	14,302
Subtotal, Anticipated.........	--	56,107
Total Increases..............	--	73,689
Net Total, Built-In-Changes......	--	61,121
Net Total, Adjustments/Changes......	585	92,739
1991 Current Services..............	20,645	$1,885,130
Program Changes:		
Department of State Telecommunications System (DOSTN)	--	$15,248
Columbia Plaza Renovation........	--	6,000
Total Program Changes............	--	21,248
Total 1991 Request..................	20,645	$1,906,378

Explanation of 1991 adjustments to base

Adjustments to Base amount to a net increase of $31,618,000 as follows:

- Construction Security, -$45,000,000. In FY 1991, it is proposed that responsibility for the implementation of construction security standards for the building process be transferred to and funded through the Foreign Buildings Program appropriation. This reinforces our efforts to implement the proper construction security standards under the control of the organization responsible for overseas construction; the Office of Foreign Buildings Operations. Proper oversight will be assured since the Bureau of Diplomatic Security will retain the responsibility for setting and monitoring the security standards. However, notwithstanding the decrease in the S&E account, the total amount requested by the Department for Diplomatic Security in FY 1991 is increasing by $32,790,000 to $363,955,000. This level of funding includes $65,000,000 for Construction Security requirements proposed for reprogramming from unobligated balances in the Foreign Buildings Appropriation.

Explanation of 1991 adjustments to base (continued)

- o Arms Control and Disarmament Agency, Geneva Administrative Support, $9,000,000. In FY 1991, the Department of State will assume administration of negotiations management from the Arms Control and Disarmament Agency (ACDA) in Geneva, Switzerland. The activities funded will provide primary administrative support and substantive backstopping responsibility for delegations involved with U.S./Soviet bilateral negotiations. During FY 1991, these funds will be used to support the following arms control talks: Strategic Arms Reduction Talks (START), Nuclear Testing Talks, Nuclear Space Talks, Special Verification Commission, Chemical Weapons, Conference on Disarmament, and Standing Consultative Commission.

- o Foreign Affairs Administrative Support System (FAAS), 585 positions and $67,618,000. The Department's FY 1991 Budget for Salaries and Expenses seeks a base restoration of $67,618,000 to assure continuation of consolidated administrative support services vital to the overseas programs of other agencies.

  Effective FY 1990, the FAAS system was expanded to include the following additional administrative support functions: communications services; operations of Government-Owned and Long-Term Leased properties overseas; overseas information systems support; motor vehicle support; services of the Regional Administrative Management Centers (RAMCs) in Paris, Bangkok and Mexico City; and domestic medical support services. The FY 1990 budget reduced the Salaries and Expenses appropriation by $67,618,000 and increased the requests of the other agencies by the amounts necessary to reimburse the Department by the cost of providing these additional services.

  The Congress directed the Department to revise its reimbursement system "so as to be fully compensated for such (administrative support) costs". The concern expressed by the Congress was proper, however it coincided with unprecedented financial and budgetary pressures exerted on the Department and other Foreign Affairs agencies that now make this restructure impractical. Although the Department recognizes Congressional concerns, the Department proposes to restore the FAAS system to FY 1989 levels. In terms of the FY 1991 request, the Department seeks a base restoration of $67,618,000 in the Salaries and Expenses appropriation to assure continuation of consolidated administrative support services which benefit all U.S. Government agencies operating overseas.

Explanation of 1991 adjustments to base (continued)

The following tables display the transfer of resources to the Department as the result of the FAAS restoration to the Salaries and Expenses appropriation by Bureau and Activity.

Bureau Summary
(dollars in thousands)

	Positions			Funds		
Bureau	Amer	FSN	Total	Bureau	Am Sal	Total
African Affairs	37	7	44	$5,300	$1,540	$6,839
Inter-American Affairs	38	17	55	3,700	1,581	5,281
East Asia & Pacific Affairs	35	37	72	5,800	1,456	7,257
European & Can. Affairs	67	79	146	11,900	2,724	14,624
Near East & S. Asian Affairs	41	87	128	4,300	1,708	6,008
International Org. Affairs	4	2	6	700	167	867
Office of Medical Services	33	--	33	1,600	1,375	2,975
Diplomatic Security	--	--	--	400	--	400
Bureau of Administration	--	--	--	3,400	--	3,400
Office of Communications	87	--	87	13,000	3,625	16,625
Office of Information Sys.	1	13	14	2,300	42	2,342
Post Assignment Travel	--	--	--	1,000	--	1,000
Total	343	242	585	53,400	14,218	67,618

Activity Summary
(dollars in thousands)

	Positions			Funds		
Activity	Amer	FSN	Total	Bureau	Am Sal	Total
Information Management	88	13	101	$15,300	$3,667	$18,967
Diplomatic Security	--	--	--	400	--	400
Medical	33	--	33	1,600	1,375	2,975
Domestic Administration	--	--	--	3,400	--	3,400
Overseas Administration	222	229	451	31,700	9,176	40,876
Post Assignment Travel	--	--	--	1,000	--	1,000
Total	343	242	585	53,400	14,218	67,618

Explanation of 1991 built-in changes: Decreases	Decreases (non-recurring costs) in the Department of State Programs amount to -$12,568,000, as follows:

- o Moscow Refugee Processing, -$3,905,000. In FY 1990, the Department of State will consolidate Soviet refugee processing in Moscow. The non-recurred costs represent the one-time costs required to set up additional support structures in Washington and Moscow to handle the expected increase from 11,000 cases in FY 1989 to 100,000 cases in FY 1990 and FY 1991.

- o Information Management, Central Systems Support, -$3,450,000. In FY 1990, the Department of State will complete acquisition of mainframe computer equipment to accommodate increasing capacity requirements.

- o Economic Summit, -$5,213,000. In July, 1990 the United States will host the Summit of Industrialized Nations Conference in Houston, Texas. The U.S. hosts this important event every seven years.

Explanation of 1991 built-in changes: Increases

The total increase for built-in changes for FY 1991 is $73,689,000 as follows:

- Annualization of 1990 Increases: $17,582,000 reflects the full year cost of the following:
  - FSN Wage Increases, $4,005,000. This includes the annualization of FY 1990 Foreign Service National (FSN) wage and within-grade increases.
  - 1990 American Salary Increase, $6,061,000. In FY 1990, pay for American employees will increase by 3.6%. This annualization will provide for the 1991 cost of this salary adjustment.
  - FY 1990 Health Benefits Increase, $1,145,000. The cost of the Department's participation in the Federal Health Benefits Program increased in FY 1990. This increase is to provide for the FY 1991 cost.
  - Price Increases, $6,371,000. The request includes the annualization of domestic and overseas operating costs during FY 1990, particularly in the areas of rents, contractual services and utilities.
- Anticipated 1991 Increases: $56,107,000 is required for the following anticipated wage/price increases during FY 1991:
  - FSN Wage Increases, $5,911,000. Reflective of the high cost of skilled FSN labor, this increase includes FSN wage adjustments.
  - American Within-Grade Increases, $6,794,000. After allowing for grade-to-grade promotions and the savings resulting from personnel turnover, this amount represents the periodic within-grade salary increases for Americans.
  - Extra Days Pay, $2,577,000. In Fiscal Year 1991 there will be 261 days, one more than in 1990. The increase of $2,577,000 represents the basic salary and other related costs for one full day for all American employees.

SALARIES AND EXPENSES (continued)

Explanation of 1991 built-in changes: Increases (continued)

- 1991 American Salary Increase, $8,224,000. This increase consists of one-half the estimated cost of a 3.5% general pay increase in FY 1991.

- 1991 Senior Pay Increase, $7,761,000. This increase consists of one-half the estimated cost of the proposed FY 1991 Senior Pay increase. Senior pay is expected to increase an average of 22 percent.

- Overseas Price Increases, $10,538,000. This will fund anticipated price increases mainly for rents, utilities, supplies and contractual services.

- Domestic Price Increases, $14,302,000. This amount will partially cover domestic price increases of 4% in such areas as:

  - o The increased cost of GPO and other printing services, including the printing of passport books ($315,000);

  - o Increased travel and per diem costs ($1,806,000);

  - o The rising cost for the transportation of household effects and other items ($1,151,000);

  - o Leasing, service, and maintenance costs primarily in the Department's information management programs ($3,867,000);

  - o General Services Administration (GSA) Standard Level User Charges, or as it is now called RENT, ($4,077,000) resulting from an increase in building rental rates from GSA;

  - o Cost increases associated with rents (other than RENT), communications and utilities ($1,055,000);

  - o Higher costs of supplies and materials ($304,000);

  - o The impact of inflation on domestic equipment purchases ($806,000); and

  - o In addition, $921,000 is required for other domestic price increases such as hospitalization, workmen's compensation and other medical-related expenses.

SALARIES AND EXPENSES (continued)

Summary of program changes		Positions	Funds
	o DOSTN........................	--	$15,248,000
	o Columbia Plaza Renovation.....	--	6,000,000
	Total Program Changes...........	--	$21,248,000

Explanation of 1991 program changes

In FY 1991, we are requesting the following program changes:

- INFORMATION MANAGEMENT - Department of State Telecommunications Network (DOSTN), $15,248,000. The Department of State Telecommunications Network (DOSTN) program, an enhancement of the Department's High Speed Circuit program, provides expanded global "backbone" network services to users for current and emerging data, voice and video teleconferencing requirements well into the 21st Century. It answers Congressional concerns regarding the non-proliferation of dedicated networks and a Congressional mandate for the Department to offer telecommunication services through its networks to the foreign affairs community. DOSTN is compliant with applicable public laws, National Security Decision Directives and Executive Orders, and is essential for the conduct of diplomacy around the world. The DOSTN program enjoys support from the entire foreign affairs community, Congress and OMB, as well as from the Secretary of State, the Deputy Secretary of State, the Department's Management Council and the Department's Inspector General.

  DOSTN will employ current off-the-shelf technology and an integrated systems approach, supporting the Departmental goal to improve planning for and use of new technology in communications and information management. DOSTN has been configured with a minimum of circuits required to provide worldwide connectivity to posts and domestic facilities. Its packet-switching technology efficiently shares circuit capability among several users and provides flexibility through alternate routing paths to accommodate extraordinary demand.

Explanation of 1991 program changes (continued)

DOSTN seeks to provide, under a single procurement action, all of the engineering, integration, installation, operation and maintenance for a major upgrade of our telecommunications network. DOSTN is scheduled for a six-year implementation phase which began in FY 1989, with a contract award planned for late in FY 1990. The total estimated DOSTN implementation cost is $353,400,000, which takes into account $133,800,000 in new budget authority, $217,600,000 in cost-savings and avoidance and $2,000,000 for national security related equipment and software. These expenditures will provide a telecommunications network that will support 257 overseas posts and 16 domestic offices.

The total FY 1991 requirement is approximately $30,248,000, which includes a base of $15,000,000 from FY 1990 and a recommended program increase of $15,248,000 for FY 1991. The funds will support activation of an additional 47 sites beyond the estimated 31 sites to be established in FY 1990 and permit the initiation of site activity at another 64 posts. Funds will be used to obtain: telecommunications equipment, site engineering, control software, operations and maintenance, contractor support, circuits, personnel and other support costs. Offsets will be recovered from the Department's base programs, existing circuits, toll charges and overseas personnel costs.

o DOMESTIC ADMINISTRATION - Columbia Plaza Renovation, $6,000,000. The Department of State (State), the General Services Administration (GSA), and the Agency for International Development (AID) have proposed to rehabilitate both Columbia Plaza and the Main State building and consolidate most of the State and AID annexes located throughout the Washington metropolitan area into one location. The total estimated cost of the 10 year renovation to Main State is estimated at $190 million with the Department responsible for approximately $55 million of the total cost.

The decision to renovate Columbia Plaza was subsequently confirmed in a 1987 Memorandum of Understanding signed by former Secretary Shultz, former GSA Administrator Golden, and the former Deputy Administrator of AID in which the Department agreed to "...concentrate most State Department and AID office activities in or near the headquarters building."

Explanation of 1991 program changes (continued)

Columbia Plaza is the only appropriate building in proximity to Main State that can meet the programmatic needs of State, AID and ACDA. The renovated facility will provide the required swing space for these agencies during the proposed renovation of the Main State building and, upon completion of the renovation, Columbia Plaza will provide the Department with a facility which will help consolidate employees currently housed in multiple annexes throughout the metropolitan area.

To accommodate this goal, Columbia Plaza is undergoing a major renovation project funded by GSA, State, and AID. The building has been cited as an unhealthy workplace due to infection of the heating/air conditioning system with aspergillus, a type of fungus which can cause an infectious disease of the skin, lungs and other parts of the body. Restoration of the Columbia Plaza will require gutting the interior and replacing or steam cleaning all of the mechanical equipment and current support systems including: heating, ventilation, air-conditioning, plumbing and electrical.

As the lead agency, GSA is funding the majority of renovation costs for Columbia Plaza. GSA has acquired Congressional approval and has committed $15 million for the repair of major systems within the building. State and AID will pay for those items not normally funded by GSA such as telecommunications, systems furniture, and construction of special areas such as vaults. State and AID have currently obligated a total of $3 million for the renovation.

SALARIES AND EXPENSES (continued)

Program Activities Summary

Funds
Summary Statement
(dollars in thousands)

Activities	1989 Enacted	1990 Estimate	1991 Current Services	1991 Request	1991/1990 Increase/ Decrease
Executive Direction:					
Executive Direction	$113,292	$112,599	$118,371	$118,371	$5,772
Public Affairs.....	10,440	11,150	11,702	11,702	552
Congressional Relations........	2,373	2,464	2,599	2,599	135
Subtotal........	126,105	126,213	132,672	132,672	6,459
Inspections & Audits..	16,219	--	--	--	--
Conduct of Diplomatic Relations:					
Protocol Activities	4,162	4,279	4,441	4,441	162
Legal Affairs......	9,899	10,353	10,933	10,933	580
Diplomatic Reporting........	218,678	219,793	231,141	231,141	11,348
Functional & Regional Programs	3,340	2,990	3,002	3,002	12
Subtotal........	236,079	237,415	249,517	249,517	12,102
Conduct of Consular Relations:					
Domestic Passport..	36,953	36,820	37,829	37,829	1,009
Moscow Processing..	--	10,500	6,595	6,595	-3,905
Overseas Consular..	153,560	153,774	161,404	161,404	7,630
Subtotal........	190,513	201,094	205,828	205,828	4,734
Professional Training.	63,387	45,412	46,975	46,975	1,563
Information Management Systems............	339,934	335,403	360,628	375,876	40,473
Diplomatic Security...	300,440	331,165	298,955	298,955	-32,210 a/
Medical...............	19,934	20,620	25,063	25,063	4,443
Domestic Admin........	191,568	196,847	204,423	210,423	13,576
Overseas Admin........	243,961	233,105	293,282	293,282	60,177
Post Assignment Travel	60,860	65,117	67,787	67,787	2,670
Appropriation Total...	$1,789,000	$1,792,391	$1,885,130	$1,906,378	$113,987

a/ The FY 1991 request reflects the proposed transfer of funding responsibility for the Construction Security Program to the Acquisition and Maintenance of Buildings Abroad appropriation. In total, between the two appropriations, the Diplomatic Security program will be funded at $363,955,000 in FY 1991 an increase of $32,790,000 over FY 1990

SALARIES AND EXPENSES (continued)

Program Activities Summary

Positions
Summary Statement

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
Executive Direction:				
Executive Direction	1,525	1,518	1,518	--
Public Affairs.....	171	170	170	--
Congressional Relations........	52	52	52	--
Subtotal........	1,748	1,740	1,740	--
Inspections & Audits..	250	--	--	--
Conduct of Diplomatic Relations:				
Protocol Activities	54	54	54	--
Legal Affairs......	152	152	152	--
Diplomatic Reporting........	3,298	3,299	3,299	--
Subtotal........	3,504	3,505	3,505	--
Conduct of Consular Relations:				
Domestic Passport..	704	704	704	--
Overseas Consular..	3,014	3,010	3,010	--
Subtotal........	3,718	3,714	3,714	--
Professional Training.	357	357	357	--
Information Management Systems............	2,587	2,466	2,567	101
Diplomatic Security...	1,621	1,621	1,621	--
Medical...............	159	129	162	33
Domestic Admin........	1,929	1,944	1,944	--
Overseas Admin........	5,026	4,584	5,035	451
Appropriation Total...	20,899	20,060	20,645	585

Purpose of program

The Salaries and Expenses appropriation is the principle means by which the Department of State manages the operational infrastructure that supports the conduct of diplomatic and consular relations with foreign governments and international organizations through our embassies, consulates and other missions.

The principle goals of this account include:

- The maintenance of peace and international stability. We seek to sustain a constructive relationship with the Soviet Union, to foster and respond effectively to democratic change in Eastern Europe and to secure stabilizing reductions in nuclear and conventional arsenals.
- Improved relations worldwide. Maintaining our strong friendships and alliances with the nations of Europe, Latin America, the Middle East, Africa, East Asia and the Pacific is the cornerstone of U.S. foreign policy.
- Resolution of regional conflicts. The U.S. uses its unique assets and influence to work for peaceful resolution of regional conflicts in South Africa, the Middle East, Central America and elsewhere.
- A strong international economic system. We seek to maintain an open and fair international trading system, which is a prerequisite for non-inflationary global economic growth, and for cooperation among industrialized and developing nations.
- Promotion of human rights and democratic institutions. Denial of freedom leads to instability and conflict. The U.S. works actively to promote respect for human rights and to foster growth of democratic institutions.
- Provide administrative support for other Foreign Affairs Agencies. In FY 1991 the Department proposes restoration of the $67,618,000 base for administrative support under the Foreign Affairs Administrative Support System (FAAS) to assure continuation of consolidated administrative support services vital to the overseas programs of other agencies. These services include, among other things, communications and building services for Government-owned and long-term leased properties.

SALARIES AND EXPENSES

The Salaries and Expenses appropriation is comprised of the following program activities. These activities are critical to the successful conduct of diplomatic and consular relations and maintenance of this nation's foreign affairs operations.

- Executive Direction and Policy Formulation

  -- Executive Direction. The Executive Direction program for the Department of State provides sound management under the direction of the Secretary of State and with the assistance of staff offices, specialized offices, and the functional and regional bureaus. The major activities of this program are policy formulation and the pursuit of regional and global foreign policy objectives. The program also provides broad supervision and coordination over the development and management of foreign policy and the conduct of foreign relations; including the support requirements necessary to carry out these activities.

  -- Public Affairs. The Department's Public Affairs program ensures that the American public and Department officials share an understanding of past, current, and proposed U.S. foreign policy, including the concerns, objectives, and goals underlying these policies.

  The principle elements of the program include: communicating and explaining the public positions and policies of the U.S. on international events and developments; providing advice, guidance and direction for public affairs activities of the Secretary and principal Department officials; fostering broad public understanding and support for specific U.S. foreign policy initiatives; apprising Department policy makers of the domestic implications and historical antecedents of current policy issues; and providing the American public with credible and comprehensive information about U.S. foreign policy.

  -- Congressional Relations. The Congressional Relations program supports the Administration's foreign policy legislation. In addition, it provides dialogue with state and local government representatives to ensure better understanding and "grass roots" support for the Administration's foreign policies. This program also assists the Secretary of State, Department Principals, and other Department officials and staff to understand Congressional, state and local governmental attitudes toward foreign policy legislation by providing them with timely information on Congressional perspectives.

o Conduct of Diplomatic Relations

-- Protocol Activities. The Protocol Activities Program advises and assists the President, Vice President, and Secretary of State on matters of national and international protocol, and provides services to the diplomatic corps. The Program manages ceremonies and events for visiting foreign dignitaries; coordinates protocol matters for Presidential and Vice Presidential trips abroad and makes arrangements for Presidential delegations abroad; conducts official ceremonies, functions, or public events in which the President, Vice President, Secretary of State and other high-ranking U.S. Government officials participate. It also provides official gifts for presentation to foreign dignitaries by the President, Vice President, Secretary of State and their spouses. The Protocol Activities Program manages and maintains Blair House and its contents.

-- Legal Affairs. The function of the Legal Affairs program is to provide legal advice and services to the Secretary of State, Departmental offices, diplomatic and consular posts abroad, as well as to other U.S. Government agencies on domestic and international legal matters. The program also performs a number of specialized functions within the Department including: drafting, negotiating and interpreting treaties and international agreements; providing support for the Administration's foreign affairs legislative initiatives; assuring that the Department meets its statutory requirements, legal procedures and litigation responsibilities; and, preparing for and participating in an increasing number of international legal proceedings. The Legal Adviser frequently represents the Department of State on matters of domestic and international law.

-- Diplomatic Reporting. The Department's diplomatic reporting is the single most important source of information on foreign affairs in the United States Government. The Department of State provides more than half of the government's security-intelligence reports, and about two-thirds of the reporting in the areas of internal politics of other countries and international relations.

The Department provides this information to more than 60 federal departments, agencies and public entities. These consumers are of four principal types: security-intelligence; economic-commercial; science-technology; and public service entities.

Diplomatic Reporting Operations encompass all personnel directly involved in: overseas information collection, analysis, and reporting; and domestic analysis and the application of these analyses to the development of political, economic, scientific and technological, and security-related policies. Diplomatic reporting personnel include: Foreign Service Officers; Civil Service Professionals; American support personnel overseas and at home; and Foreign Service National Employees.

-- Diplomatic Reporting (continued). The United States is now faced with an unprecedented array of both challenges and opportunities in pursuing its foreign policy interests and national security responsibilities. The reduction of East-West tensions and the profound changes that have occurred and continue to occur in Eastern Europe, promote progress in bilateral relations as well as in addressing multilateral issues such as arms control and regional conflicts. The struggle against international terrorism and drug trafficking demands our very best efforts, and diplomatic reporting activities play an increasingly important role in this struggle.

-- Functional and Regional Programs. The purpose of the Functional and Regional Programs is to oversee special activities related to the Conduct of Diplomatic Relations. This program provides a way in which to classify and account for the expenditures incurred by these programs as well as deal with any management and budgetary issues. The number of functions included in this program varies from year to year depending on the need. The Department is currently managing only one activity in this program; the Iran--U.S. Claims Tribunal which was established under the Algiers Accord of 1981. This agreement, which led to the release of U.S. citizens held hostage in Iran, set up the Tribunal to arbitrate intergovernmental and individual claims and stipulates that the U.S. and Iran must equally share the cost of the Tribunal which meets at The Hague, The Netherlands to arbitrate claims totalling over $50 billion.

o Conduct of Consular Relations

-- Domestic Passport. The Domestic Passport Office is responsible for the issuance and renewal of passports to all eligible U.S. citizens. The Office consists of 13 passport agencies and one issuance facility. One of the primary goals of the Passport Office is to ensure rapid and efficient passport issuance and fee collection. Another goal is to ensure that passports are not issued to persons not entitled to receive them and to prevent individuals from fraudulently obtaining them. To meet these goals, the Office has devoted considerable resources to modernizing processing systems, developing and instituting technological improvements, and working with other agencies in efforts to identify non-desirable entries into the United States.

By FY 1991, the annual workload will increase from 3.7 million issuances in FY 1988 to 4.5 million issuances. However, passport workload is expected to begin increasing substantially in 1991. An additional 500,000 applications are anticipated in FY 1991, beyond the FY 1990 workload level, to create a total demand of nearly 4.5 million issuances. This steady growth rate will be accelerated in 1993 with renewals of the 10-year passport.

-- Domestic Passport (continued). All passport issuance activities are automated under the Travel Document Issuance System (TDIS). In addition to increasing productivity, this system has enhanced the potential for improved border control security by enabling passport agencies to produce machine readable passports.

-- Overseas Consular. Overseas consular activities, provided by some 240 posts abroad, incorporate three major functions: issuing non-immigrant visas, issuing immigrant visas, and providing assistance to American citizens traveling and residing abroad. In recent years, several factors, including the lower value of the U.S. dollar compared to other currencies and less costly airfares, have resulted in increases in consular workloads. For the past several years, these increases have been met by reprogramming existing resources and improved efficiencies. The Department also provides to Foreign Service posts, domestic support and policy guidance regarding a wide range of immigration, citizenship, passport, and overseas consular services.

The consolidation of Soviet refugee processing through closure of the Rome and Vienna processing centers has had enormous funding implications. At Embassy Moscow, this consolidation, combined with anticipated growth in the number of applicants, is estimated to increase refugee processing cases from 11,000 in FY 1988 to at least 100,000 annually in FY 1990 and beyond. The Washington Processing Center was established early in FY 1990 to help meet this workload.

- Non-Immigrant Visas (NIV's). NIV workload is expected to remain high, with over 10 million NIV applications estimated to be adjudicated in FY 1990. During FY 1991, total cases are expected to number 11 million which represents a 7.6% increase. The increase in overseas consular workload has been met through automation, internal reprogramming, policy changes (e.g., the introduction of the NIV waiver pilot program in the U.K., Japan, and recently six more countries), and modest staffing increases.

  During FY 1991, consular anti-fraud efforts will continue to be a priority for the Department. We expect fraudulent applications to become even more difficult to detect as people, especially drug traffickers, seek more sophisticated ways to obtain visas.

- Immigrant Visas (IV's). For the past 10 to 15 years, the demand for IV's has grown and is expected to grow at a steady rate. During FY 1990, we anticipate handling 597,000 cases which will rise to 607,000 in FY 1991. These increases are fueled by deteriorating economic and political conditions in a number of Third World countries, the secondary workload resulting from the Immigration Reform and Control Act of 1986, and the 1988 Immigration Act Amendments which created the Berman (Under-Represented Country) Program that provides for the issuance of 10,000 additional IV's in FY 1990 and again in FY 1991.

- Overseas Citizen Services. Recently, the demand for services by Americans living and traveling abroad has become more complex and time-consuming. The staff is now handling 2,054,000 cases which are expected to increase by approximately 40,000 in FY 1991 for a 2.1% increase in workload.

- Travel Advisories. Finally, consular officers are responsible for the distribution of travel advisories which warn U.S. citizens of potential or existing danger in foreign countries. In the past year, the distribution of travel advisories has greatly improved from a partially automated system which included telex and mail to that of direct computer interfacing with the databases of information service subscribers and computer reservation systems.

o Professional Training and Development. Professional Training and Development is fundamental to the mission and productivity of the Department. Language competency, security and cultural awareness, and job-related skills are invaluable tools for foreign service life. Developmental and skill training for domestically based employees improve the efficiency of Departmental performance. The more skills that employees obtain, the more productive and adept they are at performing their tasks.

o Information Management. Information is both a prime resource and the major product of the Department of State. The Information Management organization is responsible for managing the Department's investments in the program and for directing continuing modernization efforts. Without proper management and the necessary complement of technological capabilities, the Department will be unable to ensure that decision makers in the foreign affairs community receive the information they need to formulate foreign policy as well as conduct day-to-day business. Drawn from a vast number of sources, the proper management of information will produce an expedient product, presentable in a variety of configurations, in response to current and anticipated needs. The Department's success in achieving its goals and objectives will depend, to a large part, on its commitment to and proper use of information management.

- o Information Management (continued). The Department supports and manages both classified and unclassified information by developing, operating, and maintaining the following types of functions: the Department of State Telecommunications Network (DOSTN) program which provides a worldwide secure distributed communications network for the Foreign Affairs community; a Foreign Affairs Information System (FAIS) program providing a comprehensive approach to information management by integrating office automation, communications, and data processing into one worldwide system for the Foreign Affairs community; large mainframe computer centers for processing major applications used by the majority of personnel in the Department of State; large communications centers which ensure that information is delivered anywhere in the world where it is needed by U.S. Government employees; both secure and non-secure telephone systems which allow employees to transact business worldwide; minicomputer installations and office automation systems both within the United States and overseas; computer systems which support worldwide consular applications, financial management systems, management of building programs, and intelligence research systems; and facilities and personnel to protect the integrity of classified and unclassified information and to provide information such as that required by the Freedom of Information Act and the Privacy Act.

- o Diplomatic Security. The Diplomatic Security Program protects the Department of State and the foreign affairs community in the United States and overseas, against the increasingly hostile physical and electronic environments in which these agencies operate.

  Initiatives from previous security enhancement resources have allowed the Department to strengthen the security of U.S. missions and personnel abroad. These enhancements, however, have only deterred international terrorist activity and technical threats posed by hostile intelligence services against U.S. interests. Ongoing efforts include: coordination of administrative and security-related standards and procedures; perimeter barrier maintenance; development and support of the accelerated construction of secure office buildings in high-threat areas; residential security maintenance; protection of foreign dignitaries and officials in the United States; and security equipment for Departmental security agents and overseas personnel.

  In FY 1991, we propose transferring responsibility and funding for the Construction Security Program to the Foreign Buildings Program appropriation. This reinforces our efforts to implement the proper construction security standards under the control of the single organization responsible for overseas construction; the Office of Foreign Buildings Operations. Proper oversight will be assured since the Bureau of Diplomatic Security will retain the responsibility for setting and monitoring the security standards. However, notwithstanding the decrease in the S&E account, the total amount requested by the Department for Diplomatic Security in FY 1991 is increasing by $32,790,000 to $363,955,000. This level of funding includes $65,000,000 for Construction Security requirements proposed for reprogramming from unobligated balances in the Foreign Buildings Appropriation.

- Medical. The goal of the Medical Services program is to assure a healthy, productive workforce for the Department of State and other agencies with employees assigned to some 240 missions worldwide. Medical Services provides occupational health services for employees in Washington. Foreign Service employees and their dependents on overseas assignments receive medical care from 44 participating departments and agencies. The total population served is approximately 65,000.

- Administration and Staff Activities

  -- Domestic Administration. Domestic Administration enables the Department to function as a cohesive, integrated, and productive unit. This program is responsible for the physical maintenance of the Department's domestic buildings and properties, various forms of internal controls, White House travel, Overseas Schools, Language Services, and a multitude of other services which keep the Department functioning properly.

  Activities in Domestic Administration cover the spectrum of services and support for domestic operations. Areas in this program include: budgeting, financial planning, and financial operations for the Department of State; contracting and procurement of services, supplies, motor vehicles, and other equipment; maintenance, renovation, and repair of the Department's physical plant, property, and equipment; logistical and administrative support for overseas travel by the President and Vice President; travel, transportation, and other items related to assignment, transfer, and separation for the Department's American full-time permanent staff and their dependents; recruitment, management, and performance evaluation of the Department's Foreign and Civil Service employees and Foreign Service National staff; and activities in the area of document classification and declassification.

  - Metric Accomplishments. As required under Public 100-418, the following is a summary of the steps the Department has recently taken, and plans to take, in FY 1990 and FY 1991 for the implementation of the metric system of measurement: The Department has named representatives to the Inter Agency Committee for Metric Policy (IACMP) and Metrication Operating Board (MOP); Department Principals were briefed and information circulated on steps required to implement the metric system; A steering committee was established in the Office of Foreign Buildings to develop metric related guidelines associated with overseas construction projects; and a Procurement Executive Policy directive has been drafted and is currently being reviewed by all bureaus. In FY 1990 and 1991, The Department will continue to work on these topics to ensure that we meet our responsibilities for implementation of the metric system as prescribed by law.

-- Overseas Administration. A substantial investment in resources is required for the administrative support of the Department of State. These administrative functions fall into several broad categories. The categories are as follows: general administrative management services (including procurement and contracting); financial services; personnel services; and general services (e.g., building services, warehousing and inventory services, and motor pool operation). Overseas portions of medical, communications, information systems and security programs are considered in their respective program areas. These functions are performed not only in support of State Department operations overseas, but also, to the extent possible, for overseas operations of other agencies under reimbursement arrangements.

The Foreign Affairs Administrative Support System (FAAS) analyzes administrative workload and staffing data from posts where the Department provides substantial support services to other agencies. This system operates where the Department provides substantial administrative support services to the overseas programs of other agencies. It generates workload and staffing reports used to determine the distribution of administrative services costs among the support agencies. Included in the reports are the workload data generated by each agency at the mission on the American and foreign national staff of the administrative section.

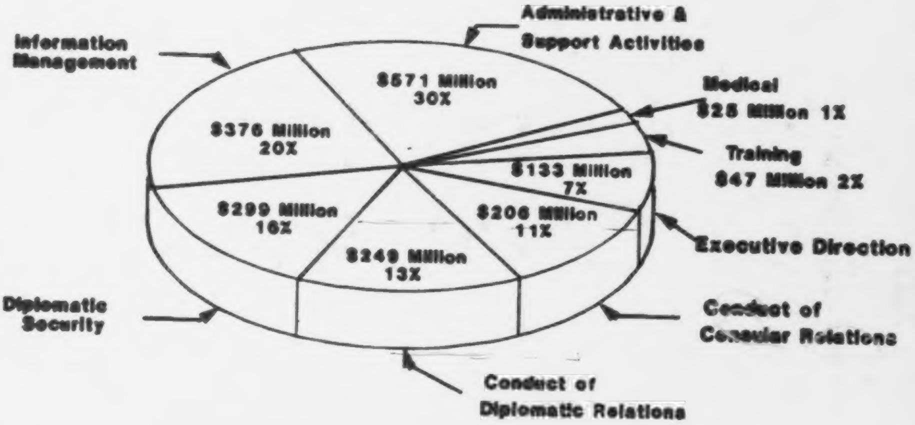
A base restoration of almost $68 million is requested in FY 1991 to provide total financial support for the Foreign Affairs Administrative Support System. The Department proposes to resume total funding of this system in an effort to eliminate any disruption in systems support to U.S. foreign affairs programs.

-- Post Assignment Travel. Post Assignment Travel provides funds for travel and transportation of effects associated with the assignment, transfer, home leave and separation of the Department's Foreign Service personnel and their dependents, as well as relocation costs for qualifying Civil Service appointees. Major expenditures include airfare, per diem, transportation of effects by ocean and air freight, unpacking, hauling and authorized continuous storage. The account is centrally managed in Washington.

The following chart shows the allocation of funds by program activities:

FY 1991 S&E ACTIVITIES

(dollars in millions)



TOTAL REQUEST – $1,906 Million

SALARIES and EXPENSES
ACTIVITY REPORT
1991 REQUEST

	POSITIONS				FUNDS (dollars in thousands)				
					Bureau Managed Funds				
Program Activities	American Domestic	American Overseas	FSN	Total	FSN Pay	Op Exps	S.Total	Centrally Managed	Total
Executive Direction and Policy Formulation									
Executive Direction	612	719	187	1,518	$4,569	$31,955	$36,524	$81,847	$118,371
Public Affairs	170	—	—	170	—	3,209	3,209	8,493	11,702
Congressional Relations	52	—	—	52	—	414	414	2,185	2,599
SUB-TOTAL Executive Direction and Policy Formulation	834	719	187	1,740	4,569	35,578	40,147	92,525	132,672
Conduct of Diplomatic Relations									
Protocol Activities	54	—	—	54	—	2,042	2,042	2,399	4,441
Legal Affairs	152	--	—	152	—	1,503	1,503	9,430	10,933
Diplomatic Reporting Operations	1,484	1,209	606	3,299	15,987	50,438	66,425	164,716	231,141
Functional and Regional Programs	—	—	—	—	—	3,002	3,002	—	3,002
SUB-TOTAL Conduct of Diplomatic Relations	1,690	1,209	606	3,505	15,987	56,985	72,972	176,545	249,517
Conduct of Consular Relations									
Overseas Consular Relations	196	741	2,073	3,010	60,792	41,205	101,997	59,407	161,404
Passport Issuance & Services (Domestic)	704	—	—	704	—	18,711	18,711	19,118	37,829
Moscow Processing	—	—	—	—	—	6,595	6,595	—	6,595
SUB-TOTAL Conduct of Consular Relations	900	741	2,073	3,714	60,792	66,511	127,303	78,525	205,828
Professional Training and Development									
National Foreign Affairs Training Center	—	—	—	—	—	14,000	14,000	—	14,000
Professional Studies	86	—	—	86	—	3,668	3,668	4,479	8,147
Professional Development	11	—	—	11	—	468	468	753	1,221
Language Studies	210	25	5	240	269	5,351	5,620	15,823	21,443
Area Studies	14	—	—	14	—	610	610	673	1,283

ACTIVITY REPORT
1991 REQUEST
(continued)

Program Activities	POSITIONS American Domestic	American Overseas	FSN	Total	FUNDS (dollars in thousands) Bureau Managed Funds FSN Pay	Op Exps	S.Total	Centrally Managed	Total
Overseas Briefing Center..........	6	—	—	6	—	$306	$306	$203	$509
Extension Studies................	—	—	—	—	—	372	372	—	372
SUB-TOTAL Professional Training and Development.........	327	25	5	357	$269	24,775	25,044	21,931	46,975
Information Management									
Information Management Development and Implementation..................	14	—	—	14	—	8,412	8,412	1,386	9,762
DOSTN............................	—	—	—	—		30,248	30,248	—	30,248
Beltsville Info. Management Center	—	—	—	—		5,104	5,104	—	5,104
Information Management Operations.........................	735	354	401	1,490	13,397	173,863	187,260	49,596	236,856
Department Information Systems.........................	193	288	391	872	8,592	39,060	47,652	26,885	74,537
Information Management Security.........................	37	—	—	37	—	3,446	3,446	1,606	5,052
Information Services.............	154	—	—	154	—	7,384	7,384	6,897	14,281
SUB-TOTAL Information Management...	1,133	642	792	2,567	21,989	267,517	289,506	86,370	375,876
Diplomatic Security Program									
Residential Security.............	7	—	—	7	—	1,424	1,424	174	1,598
Physical Security................	41	—	—	41	—	4,750	4,750	1,802	6,552
Domestic Security Operations.........................	438	—	—	438	—	15,921	15,921	15,522	31,443
Prevention of Espionage..........	187	45	—	232	—	34,510	34,510	7,234	41,744
Construction Certification..................	13	—	—	13	—	10,753	10,753	654	11,407
Overseas Guard Program..........................	2	—	—	2	—	85,710	85,710	76	85,786
Security Vehicles and Protective Equipment Program..........................	—	—	—	—	—	3,067	3,067	—	3,067
Protection of VIPs...............	58	—	—	58	—	6,444	6,444	2,626	9,070
Professional Security Training and Development........	91	—	—	91	—	4,800	4,800	4,016	8,816
Information Resource Management.......................	31	—	—	31	—	12,385	12,385	1,409	13,794
Administration of Security Program	142	390	176	708	4,748	37,301	42,049	23,627	65,676
Replacement of FSNs in The USSR and Eastern Europe..........................	—	—	—	—	—	17,002	17,002	—	17,002

S&E Summary

ACTIVITY REPORT
1991 REQUEST
(continued)

	POSITIONS				FUNDS (dollars in thousands)				
					Bureau Managed Funds				
Program Activities	American Domestic	American Overseas	FSN	Total	FSN Pay	Op Exps	S.Total	Centrally Managed	Total
Counterterrorism R&D	—	—	—	—	—	$3,000	$3,000	—	$3,000
SUB-TOTAL Diplomatic Security Program	1,010	435	176	1,621	$4,748	237,067	241,815	$57,140	298,955
Medical	61	76	25	162	832	15,540	16,372	8,691	25,063
Domestic Administration and Staff Activities									
Domestic Administrative Management Services	827	1	14	842	201	112,882	113,083	39,104	152,187
Domestic Financial Management	349	—	—	349	—	4,182	4,182	12,386	16,568
Domestic Personnel Management	695	58	—	753	—	3,368	3,368	38,300	41,668
SUB-TOTAL Domestic Administration and Staff Activities	1,871	59	14	1,944	201	120,432	120,633	89,790	210,423
Overseas Administration and Staff Activities									
Overseas Admin Management	—	253	265	518	7,841	17,581	25,422	17,407	42,829
Overseas Financial Management	—	110	655	765	14,983	11,280	26,263	7,554	33,817
Overseas Personnel Management	—	75	356	431	8,299	5,593	13,892	5,161	19,053
Overseas General Services	—	222	2,648	2,870	71,602	69,899	141,501	15,206	156,707
FAAS Transfer	—	222	229	451	13,399	18,301	31,700	9,176	40,876
SUB-TOTAL Overseas Administration and Staff Activities	—	882	4,153	5,035	116,124	122,654	238,778	54,504	293,282
Post Assignment Travel	—	—	—	—	—	—	—	$67,787	$67,787
TOTAL 1991 REQUEST	7,826	4,788	8,031	20,645	$225,511	$947,059	$1,172,570	733,808	1,906,378

S&E Summary
OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Built-In Changes	1991 Current Services	1991 Program Changes	1991 Request	1991 Incr Over 1990
1100 PERSONNEL COMPENSATION	$709,275	$713,434	$53,807	$767,241	—	$767,241	$53,807
1200 PERSONNEL BENEFITS....	152,232	152,863	10,240	163,103	—	163,103	10,240
1300 BENEFITS FOR FORMER PERSONNEL..........	3,784	3,661	264	3,925	—	3,925	264
2100 TRAVEL AND TRANSPORTATION OF PERSONS.............	77,212	75,133	3,966	79,099	—	79,099	3,966
2200 TRANSPORTATION OF THINGS..............	65,453	66,493	4,826	71,319	—	71,319	4,826
2300 RENTS, COMMUNICATIONS AND UTILITIES.......	174,451	172,807	18,372	191,179	—	191,179	18,372
2400 PRINTING AND REPRODUCTION........	12,697	11,878	712	12,590	—	12,590	712
2500 OTHER SERVICES........	434,462	431,725	-15,908	415,817	$21,248	437,065	5,340
2600 SUPPLIES AND MATERIALS	62,162	58,950	6,040	64,990	—	64,990	6,040
3100 PERSONAL PROPERTY.....	86,543	94,750	10,148	104,898	—	104,898	10,148
4100 GRANTS, SUBSIDIES AND CONTRIBUTIONS.......	10,125	10,075	236	10,311	—	10,311	236
4200 INSURANCE CLAIMS AND INDEMNITIES.........	538	556	36	592	—	592	36
9820 Repayment.............	66	66	—	66	—	66	—
Total, S & E	1,789,000	1,792,391	$92,739	1,885,130	$21,248	1,906,378	$113,987

Mr. SMITH. We have the Under Secretary of State for Management, Ivan Selin. Since this is your first time before the Subcommittee we will insert your biographical sketch in the record.

[The information follows:]

BIOGRAPHY OF IVAN SELIN, UNDER SECRETARY OF STATE FOR MANAGEMENT

Ivan Selin was sworn in as Under Secretary of State for Management on May 23, 1989. In that capacity, he serves as the principal adviser to the Secretary of State on all matters involving the allocation of State Department resources in support of the President's foreign policy objectives.

Prior to joining the State Department, Mr. Selin was the chairman of the board of American Management Systems, Inc., a computer systems, services, and consulting firm that he founded in 1970. In his nineteen years with the company, AMS grew into a publicly traded firm with revenues of $215 million per year, approximately the fifth largest independent firm in its industry in the United States. Mr. Selin's principal responsibilities with the firm concerned corporate strategy and management. His primary area of expertise was in comprehensive financial management systems and procedures.

From 1965 to 1970, Mr. Selin served in the office of the Assistant Secretary of Defense (Systems Analysis); he acted as the Assistant Secretary at the end of that period. In addition to substantive analysis of various defense force planning issues, he was responsible for a number of major reforms in the Department of Defense's force planning and financial management processes which allowed the Secretary of Defense to delegate many management responsibilities while improving his ability to monitor and control the results.

From 1960 to 1965, Mr. Selin was a research engineer at the RAND Corporation, where he divided his time between national security issues and publishable research in statistical communication theory.

Mr. Selin has served as chairman of the Military Economic Advisory Panel to the Director of Central Intelligence (1979-1989); member (1979-1989) and chairman (1988-1989) of the Board of Governors of the United Nations Association-USA; member of the Advisory Board on the USSR and Eastern Europe at the National Academy of Sciences (1986-88); and member of the Council on Foreign Relations (1979-present). He also has been extensively involved in activities directed against drug abuse.

In 1960, Mr. Selin received a Ph.D. from Yale University in electrical engineering (with distinction). In 1960-1961 he was a Fulbright Scholar and in 1962 he received a Dr. es Sciences degree from the University of Paris in mathematics (with highest honors). He speaks six languages and has traveled extensively.

Mr. Selin has been married to the former Nina Cantor since 1957. They have two children, Jessica and Douglas.

Mr. SMITH. Do you have a statement? How do you want to proceed?

Mr. SELIN. I have a written statement that I sincerely hope came up last night. I would like to enter that into the record.

With your permission perhaps I would pick out a few of the high points.

Mr. SMITH. That would be fine.

Mr. SELIN. As the Secretary welcomed the opportunity to appear before the subcommittee on March 7 about our foreign affair needs into a broad policy context, I am here to discuss the Salary and Expense request on a more concrete basis.

Before beginning my remarks, Mr. Chairman, and Members of the Committee, I would like to express our appreciation for the support which the Subcommittee has always provided and my own thanks for your help over the last year.

Also before I start discussing the Salaries and Expenses account, I would mention the Moscow new office building is a major item in our overall budget request. I am, of course, prepared to answer questions on it today, but I am going to cover that in the FBO statement next week.

Mr. SMITH. This is primarily salaries and expenses today?

Mr. SELIN. Right. I want you to know I am not ignoring the Moscow office building. I am prepared to discuss it, but it is not a Salaries and Expense item, so I don't cover it in this statement.

OVERALL POLICY CONTEXT

With your permission, I would like to talk about the overall policy context of our budget Request: What we see as the same, what has changed, and what are some of the major points in the Salaries and Expense account.

Obviously, the world has changed enormously from the end of World War II and in addition to the political changes, I think there are three main elements I would like to signal.

The first is growth of economic power on the part of several of our allies; the second is emergence of transnational issues, such as refugee questions, migration questions and environmental questions, which demand policy attention and increasing resources; and third, the advances in technology which created new sets of international issues and which have changed or should be changing the way we do business on a day-to-day basis.

These three topics are addressed in more detail in the written remarks.

The conclusions I would like to draw from these observations in the management of the Department are several. The successful development and implementation of foreign policy requires new skills, many skills and areas of knowledge which simply did not exist earlier. These affect everything we do in personnel and a lot of the things we do in the operating accounts.

The second is because there are so many more interesting and complex things going on overseas, there are a lot of agencies, primarily domestic agencies with expertise in these fields, that will be increasingly pressed to be represented overseas, where the United States Government presence is rapidly expanding, is already complicating the policy process, and is putting increasing pressures on our State Department services overseas.

Instead of just having to support the agencies that you normally think of as the foreign affairs family, we have over 100 agencies represented in embassies overseas.

The third is we have more specialized bureaus and offices within State that require coordination with the geographic bureaus, with my resources bureaus and other agencies of Government.

Some of this could be avoided through better organization but some is intrinsic in the increasing complexity of the issue of foreign affairs.

Finally, many policy activities, particularly in the economic, financial and environmental areas have a regional or multilateral focus. It doesn't mean we have any less of the bilateral focus, but we have a large number of regional, multilateral issues and media that we have to work with, which is a further complication of the way we do business.

I am pleased to say that the structure of the State Department has, in fact, evolved quite a bit in response to these pressures—but not enough.

Many challenges remain which have not been fully addressed. We will be taking these on in the months and years ahead, I hope with your continued active participation.

AREAS WITH DIFFERENCES

I would like to just name six specific areas in the management area, all of which have some impact on Salaries and Expenses, that are quite different from before.

The first observation is that we need to improve our overall management. We have to ask ourselves questions about our overseas establishment—about what, in fact, we have to do overseas and how we are going to organize to do these things overseas.

The second is that we have to pay a lot more attention than we have in the past to the places where we do business. What kind of presence do we want to have? We need to have the flexibility we have not had in the past to locate posts and personnel so that we can have the right people in the right places at the right time.

Third, Communications and information-handling technology have changed the most elementary aspects of how we do business. I am not at all satisfied with the way the Department has applied the information technology to its own affairs.

The fourth is that we need a longer term view in our program planning, our financial planning. The short-term planning syndrome has affected resource allocation in negative ways. We are trying to get to a three and then five year plan and to be able to display our resources in terms of what countries they are directed at and what activity they support. But it is very tough to get away from the year-by-year and even month-by-month approach in the objective orientated approach to financial planning.

Fifth, our personnel structures and procedures must evolve to meet today's and tomorrow's changes better. We just don't do a good enough job in how we recruit and train and assign people. We have to keep building on the progress to date with regard to equal opportunity and affirmative action.

The sixth and last point is that, in spite of this, in some cases because of many of the diplomatic improvements that we have overseas, there is a feeling that Diplomatic security is less of a worry than in the past. I am afraid that it is just not so, that our security problems are different and in many ways more complex. They are not going away just because the number of countries that are overtly hostile to us seems to be decreasing.

I think that we can work together with you and the Congress to come up with answers to these questions. It is important that I get out my overall vision of where we are going so that as we discuss specifics, you can see not only whether you agree with the specifics but whether we are going in the direction that you are happy with.

S&E REQUEST FOR 1991

Specifically, in the 1991 Salaries and Expenses budget request, as you stated in your opening statement, Mr. Chairman, we are requesting $1.9 billion for Salaries and Expenses. There is a straightforward chart there on the left which emphasizes that this is a bare bones current service request. We have tried to find a balance between the financial requirements put on the overall Federal budget and the long over-due needs to both upgrade our critical infrastructure, and to expand our presence in Eastern and Central Europe, the Andean nations, Central America, and Southern Africa. We are requesting only $114 million more than the full 1990 appropriations level. That assumes that section 614 is repealed.

FISCAL YEAR 1991 SALARIES AND EXPENSES

[Dollars in millions]

	Dollars	Percent
Fiscal year 1990 base	$1,792	94
Built-in inflation	61	3
Technical base adjustments	32	2
Subtotal, fiscal year 1991 current services	$1,885	99
Base increases for DOSTN and renovations	21	1
Total fiscal year 1991 request	1,906	100

The modest increase includes the following components, as far as inflation goes—wage adjustments and inflation. There is $61 million for that, a 3.4 percent increase. That is a little less than anybody's estimate of the inflation rise between 1990 and 1991.

In particular, the 1991 mandated pay increases are only partially funded. The rest will have to be absorbed in our base.

There is a set of adjustments, which I will call technical adjustments, that add $32 million to the 1991 budget compared to 1990.

There are really three specific adjustments. One is going back to the more conservative assumption that State will have to pay for the Foreign Affairs Administrative Support System, which puts $68 million in State Salaries and Expenses in 1991. In 1990's request, this was sprinkled through the budgets of other agencies.

The second is our undertaking the support for the ACDA in the Geneva Mission, a $9 million increase to State and decrease to the ACDA budget.

Third, an off-set to the Salaries and Expense account. We transferred the Construction Security function, which in 1990 was in Salaries and Expense, to FBO in 1991. That represented $45 million in new authority in 1990.

Finally, there is an additional $21 million, which basically is one percent of the total budget increases, for the implementation of DOSTN and to continue renovation of Columbia Plaza.

It is a very modest set of incremental investments in the Salaries and Expense account. However, I would like to point out that there are investments in the base and we will be able to continue to fund other important projects like our various visa projects, the Beltsville Information Management Center and the new Foreign Affairs Center, at the 1990 levels.

Regarding Security Programs, our total program resources both in the Salaries and Expense account and FBO account, the total security request goes from $331 million in 1990 to $364 million in 1991.

Since this Subcommittee in particular, has been so interested and so helpful in the overseas administrative support, I would like to take a minute to talk about FAAS.

Our 1990 request reflected the desire of the Subcommittee that other agencies assume a more equitable share of the total cost of overseas administrative support. This allocation shift was to be accomplished by putting $68 million of funding, which in previous years had been at State, into the 1990 request of other agencies.

Unfortunately, either the other agencies didn't get the money or we have not gotten access to this money. The stability of the system in 1990 is threatened because of problems in obtaining full reimbursement from our two largest users, USIA and AID.

Consequently, our 1991 request gives us some assurance that with the concurrence of the Appropriation Committees, we will be paid for the services we provide.

We have asked to put the increment back into the State Salaries and Expense account.

Our motivation for the change is obvious. In 1990 we are faced with a Hobson's choice. We can either disrupt normal operations at posts throughout the world by cutting off vital services that other agencies need, or we can use our own scarce funds to subsidize their operations. With our competing 1991 pressures, we, and the FAAS system in general, just can't afford to be placed in a similar dilemma.

I would like to say that we are doing a lot more than just talking about how to account for the joint services. I feel very strongly that the Government cannot afford to provide multiple services where each of several agencies provides duplicative administrative structures overseas.

So our efforts are going far beyond the accounting question to figure out how we can more efficiently provide these services with only a single provider—in most cases the State Department—and still make sure that all users have a reasonable say in both the quality and the direction of these services.

That is more than a budget issue. That is an overall management organization issue.

In conclusion, I would like to point out that my written statement addresses financial management, overseas staffing, personnel, information management, security, and properties but rather than repeat those points in the oral statement, I would like to just make myself and my colleagues available for questions.

Thank you.

[The prepared statement of Mr. Selin follows:]

THE HONORABLE IVAN SELIN
UNDER SECRETARY OF STATE FOR MANAGEMENT

BEFORE THE

HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON
COMMERCE, JUSTICE, STATE,
THE JUDICIARY AND RELATED AGENCIES

RECORD STATEMENT

MARCH 13, 1990

SALARIES AND EXPENSES

INTRODUCTORY REMARKS:

Secretary Baker welcomed the opportunity to appear before the Subcommittee on March 7 to place our resource needs in a broad policy context. I am here today to discuss the Department of State's 1991 Budget Request for Salaries and Expenses. I know there is great interest in our Moscow Embassy construction program which is one of the most significant initiatives contained in our over-all request for Fiscal Year 1991. Today, however, I would like to request that we defer discussion of that program until next week in the hearing on our appropriations request for Acquisition and Maintenance of Buildings Abroad.

Mr. Chairman, before beginning my remarks let me express the Department's appreciation for the support which you and the Subcommittee always have provided and my own special thanks for your help over the last year.

As we discuss resource needs, I think it is also important to present my thoughts on what lies ahead for the State Department, what the emerging international environment means for the institution, and what we must do to manage the resources, programs and people of our institution to advance the nation's international agenda in the most efficient and effective manner possible. The management team at State is working to achieve an integrated system of change for the better, reflecting the genuinely interdependent nature of policy, programs and operations.

The focus of this hearing is the Salaries and Expenses account. Along with Acquisition and Maintenance of Buildings Abroad account, these are areas where the Under Secretary for Management can prove he is a manager. For me that means determining what the State Department will look like and what it will need not just next year but also five years from now. Then with practical goals set we can address the equally daunting task of figuring out how we get there from here.

This task inevitably leads to the creation of systems to manage both people and things, and the challenge of developing them in the most efficient and effective manner. But implementing these systems cannot be done by us alone or in a vacuum. In particular we need the support and advice of the Congress. We especially value our relationship with your Subcommittee because you are willing to give us your time and attention, and ultimately fund our programs.

I. THE POLICY CONTEXT:

I do not plan to speak at length on the foreign policy area which Secretary Baker discussed with your Subcommittee so fully last week. These international policy areas do, however, impact on everything we do at State and at our overseas posts, so I will address some of my remarks to the policy context in which we now operate and expect to face in the future.

The classical world of bilateral and multilateral diplomacy still exists, of course, but it is being progressively supplemented by transnational issues which may or may not involve government-to-government activity, by economic and financial problems which were not on anyone's agenda a decade ago, and by often unanticipated consequences of technological change. We at State must practice diplomacy in a changed and changing environment, and do so at a time when the real resources available to support our activities are diminishing relative to the tasks assigned to us.

It is a truism that the world in which we now operate is different in very fundamental ways from the post-World War II era. Among the elements of change with enormous impact on the United States are the growth of the economic power of several of our allies; and what appear to be fundamental internal changes in the Soviet Union and Eastern Europe.

While we have seen progress in some regional conflicts, many persist; the context in which they must be addressed has shifted to one in which there are often more players than before. International terrorism has grown in ugly ways familiar to you all. Requirements for the security of our facilities and our people overseas have increased to match the growth of the threats to both.

Technological advances have also altered the very basic ways we conduct our everyday business. Most State Department officers had not even seen a word processor ten or twelve years ago. Now virtually everyone at our overseas posts and here in Washington would be lost without them. Electronic mail and facsimile machines are not far behind in the impact they are beginning to have, and we must start using these tools better as well.

And lastly, let me underscore another serious area of our changed environment which impacts on literally everything we do: money. As the list of tasks assigned to American diplomacy has expanded, the amount of resources available to accomplish them is diminishing. And within the resources that are available, what we can use for increasingly important operations is especially vulnerable.

So, while my list is not exhaustive, I have highlighted some of the more significant areas where the policy environment in which we live impacts on the institution which must be at the forefront of our nation's international relations.

II. INSTITUTIONAL CONTEXT:

The structure of the State Department and the way it performs its tasks have, of course, undergone significant change, largely as a result of coping with this evolving environment. But many challenges remain which have not been fully addressed; the Department will be taking these on in the months and years ahead. I would like now to turn to some of the more significant items on our agenda.

1. We need to improve our overall management. It is time to ask ourselves hard questions about the way we manage our costly overseas establishment; I will have more to say on this later.

2. Diplomatic security issues remain important and must be addressed in a responsible manner. While recent political changes are heartening, and global security has improved, in particular resulting from a reduced Warsaw Pact military threat; we nonetheless confront an increasingly complex environment with many kinds of threats: terrorism, hostile intelligence operations, personal violence and crime, and threats to our communications and information integrity.

3. Our personnel structures and procedures must evolve further to meet both today's and tomorrow's challenges better. Changes must be made in the way we recruit, train and assign people. We must constantly seek to balance the requirements of the institution and needs of individual employees. And we need to build upon the progress to date with regard to equal opportunity and affirmative action.

4. Communications and other information handling technologies have altered the most elemental aspects of our work, but I am not satisfied with our use of them. The systems and equipment used in these areas offer great potential though their cost is significant. But, we have not aggressively pursued using modern technology to the fullest and we will do this.

5. Our nation's overseas establishment is widespread and costly, and can be managed more efficiently. The U.S. has an embassy in virtually every country with which we have diplomatic relations, and we want to maintain that presence. Events in Eastern Europe and the Soviet Union have also made clear that no matter how stable things seem, change is a constant. It is important that in consultation with the Congress we have the flexibility to locate posts and personnel in response to change.

6. We need a longer-term view in our program planning. The short-term planning syndrome traditionally has affected resource allocation in the Department, and the government at large for that matter, in distinctly negative ways. We

are taking a longer view beyond the one-to-two year planning which is inherent in the federal budget process at both ends of Pennsylvania Avenue.

I believe we can work together with the Congress on these problems, and come up with practical answers that meet both your and our concerns.

III. SPECIFIC CHANGES TO MEET THESE CHALLENGES:

We have made and will make a number of changes in my areas of responsibility to help the Department meet the challenges I have outlined. Some are in place now; others will require the understanding and the cooperation of the Congress to implement. There are six general areas I would like to mention; all relate to the problems and opportunities I have already addressed. They are: financial management, overseas structure, personnel and training, information management, security, and properties.

One point made earlier is worth repeating, however. I see all of these areas as part of an interdependent system, a closed system if you prefer. Weaknesses in one area impact adversely on all the others; conversely, improvements and changes in one area facilitate improvements and changes in the others. I thus hope we will be able to effect the changes I believe are necessary as an integrated whole.

FINANCIAL MANAGEMENT

For improved financial management and planning, I believe we now have the basic structure that we need in place. The Office of the Comptroller and the Office of Management Policy have been placed under the Department's Chief Financial Officer as the Bureau of Finance and Management Policy. This change has unified under one manager the planning, budgeting and financial operations as well as the evaluation function which I need to advise me on how things are working out in practice.

The new Bureau is the locus for the analytical work we need to evaluate all of our programs and operations, and will use some of the techniques I mentioned earlier. If we are to effectively control the amount of money we spend, we must ultimately control the growth of the institution. To do that, however, will require limiting the work load.

Consequently, I have asked the Bureau to carry out a pilot study using "activity value analysis", first in two areas I supervise and then, if appropriate, elsewhere in the domestic infrastructure, to determine the most efficient and effective way of performing essential functions. This will give us a clearer view of other functions which we may or may not wish to continue, and identify work products which are redundant or clearly non-essential.

I have also asked the Chief Financial Officer to work closely with the Appropriations committees to make sure that our budget presentations, our reprogramming requests, and the back-up information we provide are in a format which promotes management efficiency and accountability and which eases your deliberative tasks.

OVERSEAS STRUCTURE

Staffing by all agencies at overseas posts is also an area we need to study for reasons of security, diplomatic profile, and responsible management. For our smaller posts, we should expand our Special Embassy and Special Consulate Programs as appropriate so that growth of these overseas posts does not just happen but is examined carefully and at a high level.

On a related subject, we must also find a better way to provide and pay for administrative support at overseas posts for all of the U.S. Government agencies represented abroad. The country simply cannot afford to continue our duplicative ways, yet all such agencies must be included in setting administrative priorities. Later in my testimony I will address the problems we currently face in doing so through the Foreign Affairs Administrative Support (FAAS) system.

PERSONNEL AND TRAINING

We need a personnel system which balances system requirements and the needs of individuals. Assignments, for example, must be made in a way which result in properly trained individuals arriving at post with a minimum of gaps, while sharing equitably the burdens of service in less attractive posts and positions. We are rethinking our whole approach to manpower planning to equip us to make more efficient use of the resources which we have. And of course the personnel must be properly housed, equipped and motivated as they are our only lasting resource.

We need a better mix of relevant training and assignments, with the two fully integrated from the beginning. Training must be keyed more completely with individual careers, and reflect more directly what the jobs require. Training has to be seen as an inherent part of employee development, not as an "add on." Assignments must be made well in advance, so they can be meshed with appropriate training.

Our commitment to the best possible training means that we really do need your budgetary help to move forward with construction of the new Foreign Service Institute campus where consolidated Department-wide programs will be carried out in an efficient, cost-effective modern setting.

INFORMATION MANAGEMENT (IM)

For eighteen years in the private sector I ran a company which specialized in helping government agencies apply innovative technology to the provision of a wide range of services. Based on this experience, I am convinced that the application of up-to-date technology can improve government productivity dramatically and cost-effectively, but only if we follow these principles:

-- Modernize the operations before automating them;
-- Bring the users into the picture right from the beginning;
-- Use the results of pilot tests carefully and deliberately.

These principles will guide our efforts.

The information age has raised common opportunities and issues for all knowledge-based organizations; the Department is no exception. Information, our major work product, is a resource to be managed like any other valuable asset. To do this we have created a single information management organization having three main components: information services, planning and development, and systems operations.

In my view the Department should have a single information network to generate, clear, coordinate, and move documents worldwide electronically. Information is the lifeblood of the Department and is critical to its mission. One out of every eight employees of the State Department is directly linked to information management on a full-time basis.

As you can imagine, there is an almost insatiable demand for unclassified and classified word processing and electronic communications equipment in an organization which must link the Department, other foreign affairs agencies and all of our overseas posts. As we rationalize our IM organization to satisfy these demands in the most efficient and sensible way possible, we are concentrating on several major technology programs:

-- the Department of State Telecommunications Network (DOSTN)
-- the Information Management Center, Beltsville, and
-- the Machine Readable Visa (MRV) pilot program.

I am also convinced that security for all of our technological networks has to be a "factory installed item" -- not a retrofit. We need to do this while making sure that our security measures reflect well thought out world-wide standards which have the flexibility build into them so that responsible managers can use these systems securely at vastly different posts, and allow us to adapt them to the constantly changing international environment described above.

We need also to assure, to the greatest degree possible, that our communications facilities are compatible with others in the government. In developing the information network as we improve our communications, we will also ensure that we have a strong project management capability -- responsibility and accountability must have a single locus.

The same rationale applies to our construction program, which I will address later. But unlike construction, where one can separate security standards and architecture in the total process, the state of the art requires that the information network have security built in and at all stages, starting from the very beginning.

SECURITY

The Department must and will continue its current security emphasis with no diminution or dilution, whether the focus is protecting our people, our information or our buildings. At the same time, we must integrate security considerations with diplomatic and management concerns at the beginning of projects, not after the fact.

Overseas security, for our people and our properties, is vital, but we also have to develop standards which provide practical guidance without becoming strait-jackets. Site-specific additions to basic security standards will allow us to tailor security to threat levels at individual locations. This is sound management in my view, and also a compelling budget reality.

I am pleased to report that almost universally, outside experts acknowledge that the Department has made enormous progress in its physical security programs in recent years as well as in its security awareness. And as you know, the Secretary recently established within the Office of the Inspector General a separate "Office of Security Oversight" to follow these issues. You will here more about that soon from Inspector General Funk.

Counter-intelligence efforts by the Department, especially at critical and high intelligence threat posts, are increasingly important elements in our security structure. We will of course continue counter-intelligence training, both for security professionals as well as for all employees assigned to high-threat posts.

Personal security is also very much on our minds. We continue to conduct residential security surveys around the globe -- within the past three years we completed residential security upgrades at over 125 posts. We have also implemented a new automated management system for mobile patrols at 25 posts, and we intend to continue the "local guard program" for residential security as well.

PROPERTIES

My view of property management is that all of the Department's property operations, foreign and domestic, should be in one bureau, under an assistant secretary with primary responsibility for and experience in government construction and property management. We have accomplished this. We also are establishing a clearer dividing line between setting security standards for the building process and implementing the programs necessary to comply with those standards.

We will have more to say about this on March 20 when your Subcommittee reviews our 1991 budget for the Acquisition and Maintenance of Buildings Abroad account.

IV. 1991 SALARIES AND EXPENSES BUDGET REQUEST:

Before moving into a discussion of the 1991 request, I would like to thank you again for the support the Committee expressed for the repeal of Section 614. We want to work closely with you to restore full funding through repeal of Section 614. I hope we can quickly put this issue behind us.

Regarding 1991, Mr. Chairman, we are requesting $1.9 billion for our Salaries and Expenses account. This appropriation funds the Department's basic diplomatic and consular functions, salaries, operating expenses, allowances, and diplomatic security.

I would like to emphasize that this is a barebones, "current services" request. Our request strikes a delicate balance between Gramm-Rudman-Hollings fiscal constraints, the long overdue need to make critical infrastructure investments and, of course, the need to expand our presence in Eastern and Central Europe, Central America, the Andean nations and Southern Africa. These conflicting fiscal pressures will provide a great managerial challenge for the Department, as well as a great opportunity for the Department to review its funding priorities.

We are requesting only $114 million more than the 1990 full appropriations level -- the level at which we will be operating if Section 614 is repealed. Our modest increase includes the following components:

- $61 million or 3.4% for net built-in changes such as wage adjustments and inflation. Our current services adjustments include $73 million for worldwide wage and price increases offset by $12 million of non-recurring 1990 costs. This is a very conservative current services request because the dollar has declined since this budget was prepared, and 1991 pay increases are only partially funded;

- $32 million for net technical base adjustments. In 1991, we will restore funding in this account in 1991 for the Foreign Affairs Administrative Support (FAAS) system ($68 million); transfer the construction security program to the Acquisition and Maintenance of Buildings Abroad account (-$45 million) and assume support for the Arms Control and Disarmament Agency Geneva mission ($9 million);

- And only an additional $21 million in base increases to continue the implementation of the Department of State's Telecommunications Network, $15 million and to continue the renovation of Columbia Plaza ($6 million).

The increase for DOSTN is, of course, a continuation of the multi-year program through which I am committed to increase the reliability of the Department's communications and make them more cost effective. The 1991 DOSTN increase is required to obtain: telecommunications equipment, control software, operations and maintenance support, circuits and personnel. Over the course of six years we plan to invest a total of $353.4 million in DOSTN; of this $135.8 million will come from specifically appropriated funds (including a previous year reprogramming of $2 million). The remaining $217.6 million is to be obtained from redirection of regular planned communications expenditures. We plan to finish the entire project by 1994.

Renovation of the State Department annex at Columbia Plaza will allow us to consolidate most of our current annexes into this space and is the first step toward a 10 year renovation, if approved, of the Main State Building. The General Services Administration will provide the bulk of the funding for both the Columbia Plaza and Main State renovations. Columbia Plaza is ideally located to provide swing space to facilitate the smoothest possible implementation of long-delayed plans to rehabilitate Main State. More importantly, though, the Colombia Plaza renovation will allow the Department to consolidate most of its area-wide annexes into a single building thereby achieving considerable savings on lease costs in the long term. I must stress that these essential and interrelated rehabilitation projects will be neither cheap nor easy. Columbia Plaza is an environmentally sick building that requires total renovation of current support systems including: heating, ventilation, air-conditioning, plumbing and electrical.

Meanwhile, at Main State we face very serious problems resulting from the fact that part of the facility is 50 years old and the remainder more than 30 years old. Many of its main support systems, including the air-conditioning and heating systems, predate World War II. We have already experienced serious systems failures and unexpected electrical fires due to overloads of old, under-sized wiring. The building systems have outlived their original design life.

Regarding base funding, I would like to highlight, our technology investments, construction of the new National Foreign Affairs Training Center (NFATC) and security funding. As a result of our funding outlook, I conducted an extensive review of all major aspects of the NFATC project. I have concluded that the Department's continued commitment to this project makes sense. The most compelling point is that owning the new center will save $350 million over a 30 year period.

Regarding technology investments, we will continue to fund important projects like the MRV and the Beltsville IM Center at 1990 levels, assuming, of course that Section 614 is repealed.

When completed, the IM Center will provide a co-processing and backup capability for our central computer systems. Regarding the MRV program, we believe that MRVs can help prevent visa fraud and keep drug traffickers and other criminals out of this country. Since the program has very significant financial and personnel implications, we are taking the time to ensure that the technology works and has been appropriately field-tested before we implement on a worldwide basis.

Regarding the security program, total program resources, including construction security now funded from the Acquisition and Maintenance of Buildings Abroad account, increase from $331 million in 1990 to $364 million in 1991. This funding increase reflects our position that the security of our people, property, and national security information are of paramount concern to this Department.

OVERSEAS ADMINISTRATIVE SUPPORT--THE FAAS SYSTEM

Finally, this Committee has repeatedly expressed concern about the FAAS system. Our 1990 request reflected the desire of the Committee that other agencies assume a more equitable share of the total cost of overseas administrative support. This cost allocation shift was to be accomplished by transferring $68 million of our base funding to other agencies so that they could then reimburse the Department for services which were previously provided free of charge. Unfortunately, in 1990 the stability of the system is threatened because of problems in obtaining full reimbursement from our two largest users (the United States Information Agency and the Agency for International Development). Consequently, our 1991 request restores funding stability to the system for the coming year by rolling back FAAS funding policy to that which existed in 1989.

Our motivation for this change is simple. In 1990, we can disrupt normal operations at posts throughout the world by cutting off vital services other agencies need or we can use our own scarce funds to subsidize their operations. Both choices are losing propositions. With all our competing 1991 fiscal pressures, we, and the FAAS system as a whole, cannot afford again to be placed in a similar dilemma.

V. CONCLUSION:

One thing I have learned in my year at the Department of State is that in the world of foreign affairs, things change rapidly. The remarkable developments in Eastern Europe are the best example. A budget that has to be prepared eighteen months in advance of execution is certain to be out-of-date when actual financial allocations have to be made. So my request to you is that you do not make decisions in this budget that will reduce our ability to meet the dynamic challenges we are bound to face. We will, of course, consult closely with you in any changes we have to make. It is vital that we work together to optimize the use of our scarce resorces in carrying out the nation's foreign policy goals and operations.

Mr. Chairman, I and other State Department staff with me are ready to discuss our budget requirements. We will be happy to respond to any questions you and the members of the Committee may have.

DIPLOMATIC SECURITY PROBLEMS

Mr. **Smith.** You said diplomatic security problems are increasing. I think there is something that is not well understood, and that is that the more freedom there is to move within the country, the greater the difficulty in providing diplomatic security. We didn't have diplomatic security problems in countries that were ready to kill somebody if they walked down the wrong block.

Mr. **Selin.** That is right, sir.

Mr. **Smith.** But we are going to have that now. In the Commerce Department budget, we had a request for money for $850,000, as a matter of fact, for security for the foreign commercial service.

Mr. **Selin.** Yes.

Mr. **Smith.** They want separate security. They say they can't depend—they didn't say depend, but they think that they are not getting enough security.

What can you tell us about that?

Mr. **Selin.** I am not specifically aware of the Foreign Commercial Service request but I would like to talk about generic security questions.

First of all, I would like to divide security into residential security and all other aspects.

The State Department provides, without reimbursement for technical security, for the security of embassy chanceries. For 1991, we have requested $1,424,000 for residential security. On top of that, among the main items we have almost $84 million requested for local guard programs, most of which are residential.

The other agencies are supposed to contribute to that part of the security. They, in fact, do not contribute the proportional share they take, but we knew this when we put the program together.

So all the agencies need something in their appropriation for security because they have to contribute through the FAAS program for a small share of residential security.

I don't know specifically if they (RCS) are asking for more, but we have one policy overseas that we follow absolutely without exception and that is that a post has one security program. The Ambassadors do not permit, and the department backs them up, different agencies to have different levels of security unless there is a different threat to go with it. It would be too disruptive in an Embassy to find your neighbor has a guard 24 hours a day and you have one for 12 hours a day just because the neighbor works for a different agency.

Mr. **Smith.** They are not asking for money to pass through to you. They are asking for money to——

Mr. **Selin.** I am really not prepared to respond to that. If you wish, I will be glad to talk to the FCS and find out what they are asking for.

I can tell you this—that they may not know—no agency may spend money overseas for activities unless it is put into the overall security program.

Mr. **Smith.** I wish you would look into that because it concerns me that the request got through OMB. It is in the FCS request.

Mr. **Selin.** I will have to look into that. I can't offhand say what it is for.

[The information follows:]

FOREIGN COMMERCIAL SERVICE REQUEST FOR SECURITY FUNDS

The Department of Commerce requested $300,000 in their program plan for the DS budget. We have $103,000 in our FY-91 budget in support of Commerce and have budgeted a similar amount in FY-90. The $103,000 is allotted as $72,000 for light armoring of 7 vehicles for Athens, Cairo, Dhahran, Lima, Lahore and Manila (2); $3,000 purchase, installation and shipping of a vehicle radio for Manila; and $28,000 for radios at medium, high and critical threat posts. $50,000 was dropped from our submission since radios are not required under our standards at low threat posts. The additional $150,000 that was dropped was for residential security programs which are directly funded by the Department of State.

We consulted with the Department of Commerce concerning their request for $850,000 for the Foreign Commercial Service's (FCS) security operations overseas. Of this amount $50,000 is to initiate a replacement cycle for armored vehicles already in service; $100,000 for armored vehicle operational and driver costs; $300,000 for residential security; and $400,000 for local guard services. FCS currently has a fleet of 16 lightly armored cars purchased in past years by State.

The $100,000 is for funding of local drivers and maintenance and repair costs for their vehicles. Vehicle operational expenses have been the responsibility of the concerned agency.

The $700,000 requested for residential and local guards is based on the premise that State only provides these services at high and critical terrorism threat posts. This is erroneous. State funds the residential security program (physical security of the residence), without reimbursements, for all agencies within our mission. Although funding has been tight in recent years, we have budgeted for sufficient funds to sustain the program at all critical and high crime/terrorism posts. Commerce has agreed to standards concerning residential security and local guards developed in conjunction with the Overseas Security Policy Group (OSPG) and approved by the Department. The standards address all levels of threats and prescribe the among of resources to be used to counter the threat. Commerce does provide some reimbursement for local guards. In FY-91 this is expected to be approximately $303,000, a 10% increase over FY-90.

SECTION 614 OF 1990 APPROPRIATIONS ACT

Mr. SMITH. What can you tell us about Section 614 of the FY 1990 Appropriations Act?

Mr. SELIN. I can tell you the following things: Since the Secretary testified last week, he has talked to Director Darman several times. They both agreed that Section 614 has to be fixed immediately. The Director is going to communicate with you in the near future.

They want and expect to resolve this in several weeks. But the problem that seems to come up is that, frankly, we were caught among three Committees—the Budget, the Authorization, and the Appropriations Committees. This is a little bit out of my league, but the Budget people have not indicated that they see this simply as a technicality.

There is a major supplemental coming up, as you know. The President announced that today. We have gotten indications from the Budget Committees that they don't want to take the items on piecemeal. They at least want to address all the supplemental issues and the 614 issue at the same time.

Whether they will include it in a supplemental or in one action, I don't know.

Mr. SMITH. Well, I am not arguing with you. I am just telling you what the facts are.

The supplemental insofar as it does not involve off-sets, to the extent it involves new money, I don't know if it will or not, but I think offsets are trying to be found for everything. To the extent it involves new money, it is different than your situation because we left room in your appropriation for the balance of the money.

Mr. SELIN. Yes, sir.

Mr. SMITH. And it was used for the earthquake in California.

Then on the Floor, they opposed us when we wanted to waive Gramm-Rudman for the purpose of that earthquake. That was an emergency, certainly a dire emergency. It came up after all the allocations had been made, after all the appropriations had been handled.

So then it was opposed and this is both sides of the aisle on the budget committee, the leadership on both sides of the aisle now—then they come in and say, well, we used your money so we don't want to waive Gramm-Rudman for you either. It just isn't right.

You can't off-set costs like this out of the same department. You have to get them somewhere else throughout the government. So it just isn't going to work unless they can come up with an offset in some other agency. I don't see how it can work. Just to say that we can handle it in the regular bill means both that you are going to have to wait a long time because that bill is not going to pass rapidly, and that you are going to have cut across subcommittee's jurisdictions and get an offset out of some other subcommittee's jurisdiction.

Mr. SELIN. Of course, you are preaching to the choir, Mr. Chairman. You won't find anybody more interested than I am in this, except the Secretary. He was very clear last week on how important this is to him.

Mr. SMITH. Yes.

Mr. SELIN. All I can say is the Administration is trying to line up an arrangement among the three sets of Committees in each Chamber that will allow the repeal of 614 to go through as fast as possible.

Mr. SMITH. Well, I was disappointed when OMB sent it up. They put their name on the paper that said we want to off-set this, we don't want to do it any other way. They didn't have to join in on that.

Mr. SELIN. They didn't, no.

As the Secretary said last week, he talked to the Director and they are ready to change that position, but they would like to try to work out an arrangement whereby it doesn't just get thrown in the middle of the three Committees and bounces around there.

AUTHORIZATION FOR 1991

Mr. SMITH. What about your—is your authorization—we are talking about salaries and expenses today. Is the authorization in the bill that was signed a few weeks ago sufficient to cover the salaries and expenses part of your request?

Mr. SELIN. No, sir.

Mr. SMITH. How much does it lack?

Mr. SELIN. $23.8 million for Salaries and Expenses, sir.

Mr. SMITH. Twenty-three what?

Mr. SELIN. We are short $23.8 million in the Salaries and Expense account.

Mr. **Smith**. Okay. Then you are short some in other accounts, too?

Mr. **Selin**. The major new accounts are International Organizations, Peacekeeping, and the Moscow new office building. It is a total of $836 million in the other accounts; $23.8 million in Salaries and Expenses; and a few million for the Inspector General, the Emergency Fund, and AIT. .

APPROPRIATIONS REQUEST TO OMB FOR 1991

Mr. **Smith**. And for salaries and expense, what was your request to OMB? What does the difference represent?

Ms. **Kent**. For the authorization request, sir?

Mr. **Smith**. No, no, the OMB request.

Ms. **Kent**. For the appropriation for fiscal year 1991, we initially requested $1,988,000,000, but that was before a few things happened.

We didn't expect the FAAS to come back to us so that was not included. That was $68 million.

In addition, OMB directed us to pick up $9 million for ACDA administrative expenses in Geneva. Also there are, as you are well aware, pay raises of $32 million that will occur in 1991.

We didn't ask for those items initially. In total, that is another $109 million.

Mr. **Smith**. Put it a different way, on a net basis—how much did they——

Mr. **Selin**. The adjusted request was $2,097,000,000.

Ms. **Kent**. And the difference is between what we were allowed to ask Congress for, $191.

Mr. **Smith**. $190 million?

Ms. **Kent**. Nine percent reduction.

Mr. **Smith**. What is represented in that $190 million?

Ms. **Kent**. What items?

Mr. **Smith**. Yes.

Ms. **Kent**. The kinds of things were—additional amounts for inflation and 50 percent of the pay raise; security items, including radio replacement program and conference rooms; incremental funding for FSI. There is $15 million in our base in 1991 but there would have been an incremental amount, too. Funding for Beltsville; consular workload—those kinds of things.

Mr. **Smith**. What is Beltsville?

Mr. **Selin**. Beltsville is the second facility where we currently have a communications backup and we are planning to put in a backup computing capability.

Basically, Mr. Chairman, the difference between our request and what is in the President's budget could be split almost half and half between inflation-related items and things that we intend to do but will have to do somewhat more slowly—in the technological area primarily.

Mr. **Smith**. Did they calculate a different change in the value of the dollar?

Ms. **Kent**. I think——

Mr. **Selin**. Mr. Chairman, it would be a little presumptuous to say there is a straight calculation that leads to these results.

Mr. SMITH. But they used a different assumption; did they?

Mr. SELIN. We have a three and a half percent inflation built into our program. We all know the inflation will be greater than that. The assumption is there is no change in the value of the dollar. It is hard to say.

Mr. SMITH. No change? You mentioned something about——

Ms. KENT. Overseas inflation could be about six percent according to our calculations. We were allowed the general GNP deflator, the same as the rest of Government, which is about 3.6.

Mr. SMITH. I see.

Ms. KENT. That is the difference.

In addition to that, since the time the budget was calculated, as you are aware, there have been some exchange rate losses in Western Europe, so that will impact our 1991 request adversely.

Mr. SELIN. On the other hand, if the West Germans issue marks one for one for the East Germans there will be inflation in Western Europe. It is hard to predict just how the exchange rates will go.

Ms. KENT. What is important, Mr. Chairman, to note is that the combination of lack of full funding for pay raises, for inflation, and with this exchange rate problem, our request of $1.9 billion is understated by $75 million just for those kinds of items.

So we are starting $75 million down because of the combination. However, that is the way government agencies are budgeted these days.

MACHINE READABLE VISA

Mr. SMITH. Now, on machine readable visa, I think we understood that was a very, very high priority program.

Mr. SELIN. It is a very high priority.

Mr. SMITH. But you are proposing that to be one of the first places where you take reductions.

Mr. SELIN. No, sir. Basically, we have a pilot project that went into Santo Domingo close to six months ago. As you know, I spent 18 years of my life in the business of developing, and installing computer systems.

You don't put out a pilot project but immediately go onto the additional installations. You build problems in it that take a long time to get out.

Mr. SMITH. You say we are not ready for it?

Mr. SELIN. I don't think we are ready to extend the program until we see the experience we get, not only software questions, but really understanding what the changes are in the workload, to make sure we know what we are doing.

Mr. SMITH. Does that mean the program will not be completed as soon as we had anticipated?

Mr. SELIN. The answer to that is it probably won't be completed as soon as we had anticipated, but if we went out any faster, it wouldn't be completed properly as fast as we anticipated either.

The planned role-out was premature.

I would like to say one other thing on this topic. The machine readable visa is only one of three major systems that we are developing in order to issue visas both more efficiently and with a lower fraud rate. We have the machine readable visa which basically checks the name against the file and produces a very, very expensive, very hard to duplicate visa, a maximum fraud prevention visa.

We have a second system to upgrade the keeping of the look-out on names, the so-called class system, so you can look out for people who should not be given a visa.

The third system puts on a personal computer a lot of the automation for posts that don't have terrific communications with Washington. It is a system we pushed in Moscow.

When I first came in, I looked at this and I came to the conclusion we don't have a proper plan for integrating these three systems. We have three systems in parallel that will then have integration programs if we just rush out and put them out in the field.

So we are doing the machine readable visa as fast as I believe is responsible, but at the same time we are looking at the other two programs so we can have an overall sense of how they fit together and which posts should get the full version of the machine readable visa with the photograph, which posts should get the simpler version because the chances of fraud are lower, which posts don't need such systems at all where we go to the visa waiver program.

I think we can get a program out that will meet the will of the Congress, in the time that it wants, at significantly lower cost, with a lot less problems if we take a little more time now to integrate the three programs.

Mr. SMITH. Mr. Rogers.

Mr. ROGERS. I want to follow up on that for a minute.

When will we have a system that is operable?

Mr. SELIN. We have an operable system in Santo Domingo. We have not had a problem in the sense of bugs, but we don't have real experience other than how long it takes to put the system out and how well it is working.

In fact, I intended to go down, this weekend, to Santo Domingo to look at the system. My timing was not perfect so I put off the trip for a couple weeks.

The workload on the post with the new MRV system is considerably more than we had planned. Part of that is because the people on the posts are doing things they probably should have done before, but they were maybe not as disciplined as they might have been when they didn't have a computer system that forced them to do all the steps.

Part of this is that it is taking a very long time to produce the visa and put it in the passport. We have to take a good look and see is this inevitable or whether with a fairly minor redesign we can simplify the workload. I don't know how long that will take. I am not talking about years, but I am probably talking about the beginning of the next fiscal year before we go to the high volume posts.

We would like to go to Mexico for the second post. As you know, that is the largest visa-issuing post in the world, and I don't want to go there until we really have the workload calculated correctly.

Mr. ROGERS. That will help us keep track of those who are in this country on a visa; would it not?

Mr. SELIN. Yes, sir.

Mr. **Rogers**. We would have an inventory of people who are delinquent, et cetera?

Mr. **Selin**. That is right.

Mr. **Rogers**. The status of people.

Mr. **Selin**. It would be easier to trace them.

I would like to point out that this system has three separate aspects: One is the automatic name check. The second is to get a machine readable magnetic strip so when you come through the Immigration and Naturalization, they have a record of who came in on the computer. The third is to get a machine generated photograph into the visa. The machine generated photograph is the one that takes all the time. It is very slow, very complex. It is the one that has the lowest payoff of the three. You only need that if you are in a high fraud environment, whereas the first two are essentially usable throughout.

So I need to see if we really want to use the machine generated photograph in all operations, or should we restrict it to small posts where we have a high degree of fraud by substituting a visa page for another page.

I may decide that we can quickly put out the simplified version and roll that out quickly and hold back on the photograph; or we might decide the photograph is essential and although it will cost more, it is worth taking the time. It is a decision I feel we have to make before we go ahead.

I would like to comment that the cooperation we have had from the Immigration and Naturalization Service has allowed us to move ahead quickly. Commissioner McNary and I have met and discussed the rate at which we are going to go out together with rolling out the machine readable visa program.

Mr. **Rogers**. We have been waiting a long time for this thing. Seems like that is all we talk about around here on this subcommittee every time you folks are up here, the machine readable visa. Maybe one day we will see.

Mr. **Selin**. You can see one of them. Any time there is a Dominican that visits you, he can show you one.

It is a question of how fast we put it out in Mexico. That is a very large post. We could have a complete breakdown of the process of issuing visas if we are not careful on this. This would be much worse than coming here and telling you that I don't think the program is completely thought out and I want to take a little more time.

It is not that I want more time. I want to get more experimental results before we role it out.

TELECOMMUNICATIONS NETWORK (DOSTN)

Mr. **Rogers**. Now, you are asking $30.2 million for the Department of State telecommunications network, which I understand is an increase of over $15 million; is that right?

Ms. **Kent**. That is correct.

Mr. **Rogers**. That is a 50 percent increase. I wonder what your plans are?

Mr. **Selin**. We are getting very close to issuing a contract. I am quite pleased with the way it is going. I have spent a lot of time looking at this program. Unlike the machine readable visa program, here is one where I think we can move more easily. In fact, if we have the cash, we can speed up this program somewhat and it will be an enormous benefit to the State Department.

There are really two reasons for speeding up the program. The one reason is that we will be able to increase our communications greatly with each and everyone of our posts. That will help not only in our reporting, but it will help in things like checking the names on visas and issuing visas faster.

There will be a considerable improvement in our communications, both data and voice, both classified and unclassified, and I hope, to get some of our computing out into the field.

The second is this is like any investment program. There is a one-time investment and then you save money in the operations. The sooner we get the system out, within reason, the sooner we start making the savings.

However, to be frank, we will go as fast as the funding permits us to go. If we get what we asked for, we will go at the pace set out; if we got less, we would have to slow down the program a bit. I don't see any benefit of slowing down, but the money is very tight and it is an "abide by the yard" program.

The program is ready. There are no technical problems at this point. It is a question of funding, whether we can afford to go out at the rate we are anticipating.

Mr. ROGERS. Is that an internal agency communications system?

Mr. SELIN. No, DOSTN covers all United States agencies overseas that use leased telephone lines. In other words, agencies that do not use the communications owned by the United States Government.

One of the big benefits of DOSTN is to avoid all these little dedicated networks that the Subcommittee has been so unhappy about. Instead of forcing each agency to go off and set up its stand-alone network because the Department of State cannot live up to its obligations and provide communications for all tenants, DOSTN will allow us to get the maximum benefit out of the communications lines available to us.

So all the agencies in the Mission will communicate through DOSTN back to the United States and then split out to their own home agencies. This not only increases efficiency and operations, but allows the Chief of Mission to carry out his own or her own function.

Mr. ROGERS. Have other agencies paid for this?

Mr. SELIN. The way it is set up, we pay the capital cost of both construction and communications, and then the other agencies participate in the operating costs.

So the capital cost of DOSTN is a State Department-funded program. Once it goes into operation, it should be shared in whatever the FAAS system is at that time.

OVERSEAS STAFFING

Mr. ROGERS. I will leave that topic for my colleague, Mr. Regula. He may have a question about that.

Let me switch gears now. Do you believe we can reduce our overseas presence, overall staffing and still accomplish the various missions in the important countries?

Mr. SELIN. I believe the total United States Government staffing overseas can be reduced and we can still accomplish our missions. There will be specific countries in which we cannot reduce staff, and there will be other countries where we will have to temporarily increase staff before we can reduce it.

Having said that, a lot of our ability to reduce the staffing depends on the cooperation of the Congress. There are places where the staffing is there because one agency or another, sometimes State, has a particular supporter in Congress, but a hard-nosed view of staffing would find that in some cases we can do with somewhat less.

Mr. ROGERS. Who makes the determination now on the staffing of our embassy in countries? Who actually makes the decision?

Mr. SELIN. The final decision is the Secretary of State' but there are several roles to that. The primary decision is the Ambassador's decision. He or she is responsible for the composition of the Mission.

Having said that, there are three specific qualifications I would give; The first is that in any Mission, if the agency affected, whether it is State Department or another agency, is not happy, I think it can reclame the Chief of Mission's decision, and the Secretary of State would make the decision.

The second is that where security is concerned the Diplomatic Security Act gives the Secretary of State some direct authority that is not vested in the Chief of Mission. In such cases, the State Department might conceivably make a decision on security that is different from the decision of the Chief of Mission.

And the third—you won't find this in the law anywhere. but a lot of people in Embassies are not there for bilateral reasons. They are there for regional reasons, for overall worldwide programs. And although the Ambassador has the final say, he is not really in a very good position to judge whether a regional person in Singapore or Thailand, who is there to support all Southeast Asia, is as important as a bilateral person for the local Mission.

In a situation like that, the Ambassador would normally rely on the Department's opinion, in particular on my opinion, on this question.

SIX STEPS TO IMPROVE EFFICIENCY

Mr. ROGERS. I am very pleased to see in your statement on page 3 where you outline six steps, six things you are doing to try to improve the efficiency of how you spend your money. I like those six items that you are working on, shaking up overall management of the department.

I think it is long overdue.

Mr. SELIN. Thank you, sir.

OVERSEAS STAFFING APPROACH

Mr. ROGERS. You earned quite a record in the private sector before you came here of doing this very thing. Boy, I wish you well.

You have a tiger by the tail, though. That is a big one to try—a staid department to shake up and bring some more modern management techniques. But I wish you the very best.

What kind of review or examination do you have on going insofar as the staffing patterns at various embassies?

Mr. SELIN. I accept what you said with gratitude. I would like to point out that the State Department is the least of my problems. The Department, most parts of it, feels these reforms are far overdue. And while there may be worries about this or that reform in particular, in general, if it is taking on the reforms or not, I have gotten a very enthusiastic response to "let's try them it and see how they come out."

You asked about overseas staffing. What we are doing there is a three-part approach. One has to do with trying to figure out what "the right numbers" are; the second has to do with working out the machinery so the results are not just ad hoc one-time savings but are, in fact, built into the management process; and the third is policing the machinery so it will work correctly.

In the first area, we have several different things. We are expanding the Special Embassy Program, the Special Consulate Program, so that more and more small embassies can be kept very small. It is useful to keep a presence in these countries, especially since once we open the embassy it would be difficult to close the embassy without giving a very negative message to the host country.

In order to keep these embassies small, we must reduce their workload, not just make a smaller number of people do more work. So we are expanding the small embassy concept within the Special Embassy Program.

On the very large embassies, secondly, we send out a team, usually a past Chief of Mission with some support, to help the Ambassador figure out just what people are needed in these large posts. They are so special that it takes one-of-a-kind study.

We have done two countries and hope to do three or four more this year.

A third is we look at some regional programs or some international programs which don't so much affect the specific embassies but have an impact on a large number of embassies. We try to review the benefits in the size of those programs.

This is all on the analysis end.

In execution, we are trying to build it into the budget process. Instead of our going out and saying to everybody, "cut your staff five or 10 percent", which might work for one moment in time but when the pressure is up the staffs will increase again, we are trying to build it into the budget process so that all aspects of resource planning, both for State and other agencies, will be built on numbers of positions overseas. Once those positions are established, the Chief of Mission has authority to maintain those positions unless he or she is convinced otherwise.

Then it is important to make sure that we have the backing of the President and the National Security Council, so that, for example, some Cabinet Officer doesn't come up after a Cabinet meeting and say, "Mr. President, I really need those two folks in Tokyo", and put the Secretary of State in an embarrassing position. We want the answer to such a question to be, "Use the process"; and I think it will work. The President seems to be firmly behind the idea.

We need to not only conserve our financial resources. Security is enough of a scare that every person we put overseas carries another risk.

In many countries, the diplomatic presence is just too much. Sometimes you don't know which is the host country and which is the embassy.

STAFFING OF EASTERN EUROPE

Mr. ROGERS. How does that relate to Eastern Europe?

Mr. SELIN. It relates to Eastern Europe in the other half. What we are trying to do, and I think we will succeed, is provide the positions for Eastern Europe—and not just State Department, but all agency positions—from positions programmed elsewhere. This is easier than it looks because over any year, it turns out, only about 80 to 85 percent of our positions are filled. This is a clear indication that we have more positions than we have people to fill them.

So the first thing that people find is which position has not been filled in a year or two and they offer that up. This brings the authorized positions down to a realistic level. Then we start squeezing and think of the things that we have been doing in Western Europe, for example, which are useful but can be adjusted downward.

I believe we will be able to find the positions for the State Department people within the European bureau to move to Eastern Europe.

When you come to the other agencies, AID essentially doesn't operate in Europe, so they have to find their positions in another region.

Mr. ROGERS. I assume you are going to be beefing up the East European posts.

Mr. SELIN. Yes, sir.

Mr. ROGERS. You will be drawing those people from other posts?

Mr. SELIN. Not the people, the positions. A consular officer in Bordeaux doesn't automatically become posted as the economic officer to go to Krakow. But we find the positions, move the positions, and then go find the people so that on a reasonable cycle people can come in.

Mr. ROGERS. What I mean is you would reduce the number of people at post A in order to beef up B?

Mr. SELIN. Yes, sir. We are looking at the region as a whole, though. We say where are we today on March 13, 1990, and where we expect to be September 30, 1991.

I don't pretend that we will be in balance at all points between now and then. We are going to have to provide some people from Washington out in the field before the other tours will be cut off. We don't want to curtail tours and ruin careers. We want to do this as smoothly as we can.

ADDITIONAL POSITIONS FOR EASTERN EUROPE

Mr. **Rogers**. Give us a feel for how many extra positions you anticipate will be going into Eastern Europe.

Mr. **Selin**. If you set aside the Soviet Union, which is a different question, we are talking about on the order of 40 State Department personnel positions over the next two to three years for the Eastern European posts.

Of that 40, 10 will be in the Department and 30 overseas. Obviously, I can be wrong by a few, but that is the order of magnitude we are talking about.

The reason I set aside the Soviet Union is that there are major unknowns in the Soviet Union, particularly the Arms Control Agreements, which could literally result in hundreds of additional people going, not to Moscow necessarily, but out in the boondocks. When you are talking about Siberia, you are talking about the boondocks.

Mr. **Rogers**. I have other questions but I will wait to submit them for the record.

Mr. **Smith**. Mr. Regula?

AVOIDING DUPLICATION AMONG AGENCIES

Mr. **Regula**. Thank you, Mr. Chairman.

I am interested in your statement about avoiding duplication amongst the agencies. I think that makes a lot of sense, because probably in this time of shrinking budgets we need to recognize that people, whether they are from Agriculture or from the State Department, can certainly function on behalf of the United States.

Mr. **Selin**. Yes, sir.

Mr. **Regula**. Do you run into any turf problems in implementing that?

Mr. **Selin**. We run into problems, but you say turf problems and that sounds like there are good guys and bad guys. This is a situation where it is not so much a question of turf of problems as a question of attitude. The State Department is supposed to be the monopoly provider of most of the administrative services overseas. We are also supposed to provide the services in an equitable fashion, so that in good times everybody benefits and in bad times everybody suffers the same amount of deprivation.

I have personally visited 34 posts and I think that is probably a fair cross section of the posts. In general, non-State people on the ground express more support for the service they get than their patrons in Washington, but there is still a lot of feeling that things are either done inefficiently or not fairly.

So if we are to, in fact, mandate that there be one and only one provider of services at most or all posts, we have to do a few things we have not done before.

QUESTIONNAIRE ON FOREIGN AFFAIRS ADMINISTRATIVE SUPPORT

As you know, I come from a service industry. Obviously, you ask your customers what the service is like. You ask specific questions and you use that to improve the services.

So the first thing we are doing is preparing a questionnaire that we will send to all FAAS posts through the Ambassadors to find out what people have to say about the service that they have been getting.

Secondly, we are trying to figure out a mechanism to have of board of directors comparable to what we had in the joint housing organization at the post, so that all of the agencies have a say in the allocation of resources even if the operation is in a single administrative section.

We are looking at joint staffing of the administrative section so we will have administrative officers not just from State. If there is an AID officer in the joint section, he does not report to the Director of the AID mission.

We can't use competition. The world is too small to do that. Posts are small. Even a big post would have 300 or 400 Americans. That is pretty small, considering all they do.

We are trying to set up an organization which is efficient and yet both perceived to be fair, and has a mechanism for all parties to participate equally in the setting of allocations.

It is a lot of work, and the FAAS system per se doesn't help to reduce it. FAAS is a cost-based accounting after-the-fact system. We would like to see if there is a financial system which would encourage efficient use of the resources. We would like to get away from some of the anomalies. For instance, if the housing is owned by the Government, State provides it free. If it is leased, the tenant agency pays for it. This gives some clearly inefficient allocations.

I have asked Ms. Kent, by this summer, to come up with a rather systematic approach as to how, through management tools and financial tools, we can provide more uniformly fair services more efficiently to the Government. But it is a very big job. It won't be done in one small step.

As far as FAAS is concerned, at least we would like our accounting system to be neutral and not to fight us. That is the main way we have looked at the accounting system—not so much to share the burden as to give incentives for efficient operation.

Mr. Regula. I think that the objective of what this Committee did on FAAS was to say if people pay their fair share—I am talking about other agencies—it would be less likely to load you up with personnel.

Mr. Selin. Yes. I am sorry, I should have been clearer.

There are two concepts. One is a fair-share distribution of the burden, and the second is the specific algorithm by which the costs are shared.

As I know from some conversations I have had with you, you have some questions about whether we picked the right algorithm, the right set of rules, and I share these concerns.

But the point I would like to make is that my concern for organized, integrated service provision goes far beyond a burden-sharing algorithm. It involves management changes, organizational changes, and some authority that we don't currently have.

Mr. Regula. Sounds like you are trying to make it efficient.

Mr. Selin. Yes, sir.

Mr. Regula. And I presume from the standpoint of the user—namely, the agencies at the post, it is easier for them if they know there is one source of the service they might desire. Would that be correct?

Mr. **Selin**. Yes, sir. But I have to be fair. If I were in the position at AID or USIA, I would like to see some improved performance before I gave up my authority to go out and do it myself if I were not happy.

So I feel it is incumbent upon us to, first, improve what we do, or at least improve the perception of what we do, before we ask for more authority to get the other people to do things that they don't have any assurances will work out yet.

ELIMINATION OF CONES

Mr. **Regula**. I assume that the direction of eliminating the cone system is part of giving your people more versatility in these jobs?

Mr. **Selin**. Yes, sir. The State Department's personnel system can be thought of as one that relies on continuity of assignment to develop speciality. In other words, make the person do the same thing over and over again, restrict him or her to a cone.

The Director General and I much prefer a system which relies a little on continuity of assignment, but relies more on training so that we can get generalists and specialize them for a particular job. But we don't have to keep them in the same narrow cone, narrow rut.

What we are trying to do is a set of things, such as make the assignments earlier. The Director of FSI reports to me through the Director of Personnel. So training and assignments come from the same person now.

Tying the training closely to assignments would be another thing. Try to give people a wider range of assignments, but make sure they have the proper training before they get to their assignments. I say this partially because I think we will get better performance, and partially because we like to have Ambassadors and DCMs who have had experience in all parts of the job of running an Embassy before they are charged with managing the Embassy.

Mr. **Regula**. I like your concept of long-term view. That would fit in because if you get the generalists, they have the broader perspective.

Mr. **Selin**. Yes, sir. We have talked about a fifth cone, a multiprofessional cone, so as people get more senior, they have a wider range of potential assignments.

PAPER FLOW

Mr. **Regula**. Have you examined the paper flow? This is not based on any empirical evidence, but it seems to me there is an enormous amount of paper going back and forth between here and the various outposts, flowing both ways, and I wonder sometimes, and we are as guilty here on the Hill as they are any other places, but I wonder how much of it gets read, and it is expensive I would think to move these words around?

Mr. **Selin**. Yes. The fact is that as great a problem as you paint it, it is worse. You have to understand that people in the field work hard. If we want to reduce the workload, we have to reduce the system in which they work, not just tell them to work smarter or more efficiently

My Chief Financial Officer has told me we have one person, full time, identifying reports that go, first, to the smaller posts, and then on across to see the full range of reports that the Department requires of the posts, and is the frequency and basis for them.

I am not particularly pleased to find out that about two-thirds of the paper that comes in is paper that is required by Bureaus. Charity may start at home, but so does discipline.

On the other hand, before you laugh too hard, about half of that is mandated by legislation.

Mr. REGULA. I guess we share guilt.

REQUIREMENTS SIDE

Mr. SELIN. We are trying to take a look at what we are asking people to do—to see if we can reduce the workload, consolidate it, to see if we can reduce frequency. Then we can come back to our Committees and, instead of piecemeal, say: "Here's the total picture of reports asked for; here are things we think no longer useful; and if you make changes, here we can meet the needs of three requirements with one report."

But we want it in one place. We have made the change that no officer other than the Regional Assistant Secretary can mandate a report from more than one post designated under a Special Embassy Program without Ms. Kent's approval.

Then we don't just casually hear somebody saying: "I would like a fire safety report," and a three-person agency has to spend two days of the staff is time to prepare this report. That is the requirements side.

AUTOMATION SIDE

The other side is the automation. One of my objectives, which you see referred to rather obliquely in the written statement, is to get to the point by a year from this summer when all of our posts, at least all but the 30 or 40 posts that won't have proper communications, can move information electronically without having to create paper—then type it into a communications device and print it out at the other end and move it around.

There are three problems in doing this. One is just money. That involves a level of automation beyond what we have. The second is a set of technical problems, working out the software. But the third is a set of process problems. This could be the world's greatest end-run system. If we are not careful an FSO-4 could communicate with the Secretary of State without proper coordination.

We have to set up procedures such that we can still get the proper control and coordination on an electronic message that we have today on paper messages.

We will get there. It will be slower than I would like, but we will get there.

FEASIBILITY OF OUTPOST ON HILL

Mr. REGULA. I have a number of questions for the record.

I have just one last housekeeping item, I guess. See what you think about it.

As the world is changing, it seems to me that states will have more involvement with people. There will be a lot more United States nationals moving around overseas.

Mr. SELIN. Absolutely.

Mr. REGULA. There will be economic activities and all sorts of things in other parts of the world and the result of that will be from our standpoint in the ombudsman's role we have of getting more and more calls.

Right now the military has a full fledged operation, for example, in the Rayburn Building and probably other points where if you have a problem with a serviceman you go call somebody and they give you a helping hand.

I think that same kind of need is going to move into the areas that are under State Department jurisdiction, i.e., visas, passports, and a whole multitude of problems.

I don't know if you thought about the feasibility of having an outpost up here maybe with one or two people so that when we get a constituent problem, we have a place to go quickly to try to get a resolution because I suspect that is a coming phenomenon.

Mr. SELIN. I have thought about that and I can't quite decide just what to do.

Having a person up here just to answer the phone is a waste of the money that you appropriate to us, without real performance. It doesn't make much sense unless we can provide a service that we don't provide now. I am trying to figure out an efficient way to do that. You talk about constituent problems, but there are other people who would like somebody to represent a regional bureau of interest to them or environmental bureau. The Chairman has given me very good advice. Don't open a box until you see how deep it is. I would like to be careful about that.

However, we have provided some telephone automation, particularly in our visa office and in our passport office. There is a number for Members to call and a number for the general public. Since we can't expand staff indefinitely, we have a nice little computer system over the phone that says, "If you have a visa question call this number, if you have a passport question, et cetera; if you want to know what time the airplane is arriving, call Pan Am."

The problem is, of course, that half the calls really want to talk to the Immigration and Naturalization Service. They don't want to talk to the visa office.

So we have to work out a better way to help the person identify whether it is the State Department they want to talk to.

But we have automated the telephone answering service, so that with the same staff we handle literally 10 times as many calls as we did three years ago. It won't solve the knotty problem where they just don't like the answer. So that is a different problem. But at least we can get the information as quickly as possible to the constituency.

Mr. REGULA. I have had several instances over the weekends where——

Mr. SELIN. We are terrific on the weekends. It is Monday to Friday that is the problem, Congressman.

Mr. REGULA. I know. You have been extremely helpful on weekend problems and, of course, that generates good will for me and in turn good will for you with your constituents; namely, the Congress.

I think it is something that will probably increase in frequency because of the movement of people around the world.

Mr. **Selin**. I am sure you are aware of this, but about 80 percent of the mail communications we have is from the general public, and over two-thirds of the mail communications from the Congress deals with visa questions.

Mr. **Regula**. I am not surprised.

Mr. **Selin**. I am saying it will go up, not down. In many cases, these are questions that should not be passed on to us. They are requests for doing things that legislation forbids us from doing, but we have to answer these as quickly as we can and as courteously as we can. It is the other half of the machine readable visa, if you will.

One of the great reasons I am so anxious to apply computers to the visas is to be sure that people follow the law. If you use a computer program and it is set up properly, I can be sure the program follows the law; I can't be so sure the individuals follow the law.

I believe you folks realize that Consular Affairs reports to me, so this is my responsibility as well as financial resources.

At the same time, we can automate the answers to the questions to keep track. As we get to more automation, we will have applications for visas, we will be able to tell them where the applications stand, and have a better service without having to increase staff proportionately.

We must, however, apply automation to the whole Consular function very intelligently because immigration is getting much more complicated. The number of people who want to come to the United States is increasing enormously, and if the test for a good immigrant is somebody who has technical skills and, therefore, knows how to provide forged documents to beat the system, we are going to have some terrific immigrants in the next few years. The ingenuity going into the fraud system is really unbelievable.

Therefore, if your embassies are not to have an Ambassador and one reporter sitting on top of a large Consular Section, we have to do a combination of the personnel functions you were so kind to refer to before in automation to handle these questions.

Mr. **Regula**. Thank you, Mr. Chairman.

Mr. **Smith**. Mr. Kolbe.

Mr. **Kolbe**. Thank you, Mr. Chairman.

Mr. Secretary, welcome.

Mr. **Selin**. Thank you, sir.

PROPERTIES IN EAST BERLIN

Mr. **Kolbe**. I couldn't help but think, as I was listening to you, that it has only been seven months since we were together with members of this committee in Berlin and Moscow and much has changed in that time.

I am wondering if you have given any thought to what we are going to do with that nice embassy and new annex we dedicated while we were there in East Berlin when the reunification took place.

I am not asking you to make a policy statement here because I am going on the hypothetical that reunification will take place.

Has there been any thinking about what will happen to that?

Mr. SELIN. Yes, sir. There is quite a bit. The thing we can clearly do is provide ourselves some options. One thing we have done—we have asked reprogramming authority so we can exercise the options we have on property in East Berlin. There is a chancery, plus 13 residences. We have purchase options and we would like to exercise those as quickly as possible.

We don't know exactly what form our presence in Berlin will take. We are not absolutely sure it will be in Berlin, but I would be surprised if Bonn stayed the capital of the unified Germany.

More broadly, we have a study group set up. If I might back up—the original planning for Eastern Europe included East Germany. We have since then extracted Germany from that group and have a separate group looking at what kind of support we will need for a unified Germany. We are trying to make some guesses as to what responsibilities will stay in Bonn, what will move to Berlin, how fast, and how we should set up. The Department has no property in West Berlin except for the Ambassador's alternate residence there.

So we are trying to set aside the property that we have and figure out at what point we are going to have to make some decisions. For example, we have essentially stopped construction on all work in Bonn, since that is foolish at this point.

Mr. KOLBE. The chancery in East Berlin would not be adequate for a chancery for a unified Germany; would it?

Mr. SELIN. No, but it could easily turn out to be the unclassified annex that we would want there, which is comparable to work we do in a number of places.

Mr. KOLBE. As I recall, you told us we still have title to the land next to it.

Mr. SELIN. The Parieser Platz, yes. Ambassador Salgo has demonstrated that he can, I hope, negotiate with the Soviets. He certainly can negotiate with GDR citizens. He renegotiated the terms of that land three years ago and we have title to that land.

PRESCRIPTIVE RELIEF FOR FOREIGN SERVICE PERSONNEL

Mr. KOLBE. Your boss, the Secretary and his predecessors have come before us on numerous occasions to tell us that your ability to conduct foreign policy depends on Congress' funding. I don't think this subcommittee has been unmindful of that and certainly I am personally committed to our diplomatic and overseas operations.

However, having said that, I think you would certainly concur that your department has an obligation to try to reduce unnecessary expenses whether foreign service officers, civil servants, or Member of Congress.

I have a couple questions I would like to ask in that area of ways in which we might go about making scarce resources go further.

Mr. SELIN. Yes, sir.

Mr. KOLBE. The Foreign Service, like the military, is a closed personnel system. It has a bottom entry ranking, an up or out policy. That is as envisioned in the 1980 Foreign Service Act.

Under such a system, officials are retired when they are ranked consistently lower than their peers are or they fail to be promoted at a minimum speed.

As I understand it, a Foreign Service officer who will be retired under such circumstances or terminated is notified 10 months to a year in advance.

However, the Foreign Service has a policy that an officer can appeal that decision. What makes this different, and the thrust of my question is, while that appeal is pending, the officer remains on the pay roll. I think this is called prescriptive relief.

Mr. SELIN. Yes, sir.

Mr. KOLBE. As far as I know there is no other system in the Federal Government that has this policy of prescriptive relief with civil servants. Military officers go off the pay roll, their grievance is heard, if they are successful they come back on with back pay but they are not kept on the pay roll during the time of the appeal.

Some of these appeals take years to resolve in the State Department, while the person is on the payroll. That has, I would think, severe moral problems for the Department as well as for the individual that is involved.

It is my understanding that somewhere between 50 and 100 Foreign Service officers are in this process called prescriptive relief and that is somewhere between two and four percent of the entire Foreign Service corps.

My question would be can you enlighten me on this?

Mr. SELIN. First of all, the numbers are not quite that bad. There are 18 officers on prescriptive relief for three months or longer.

To quote Mr. McGovern, I am 1000 percent in favor of reform of the prescriptive relief concept. We have 4000 generalists in the Foreign Service and 3300 specialists so the total State Department Foreign Service has approximately 7300 personnel.

But the point is exactly right. There is an argument that says when you are serving overseas if you are summarily brought home to face administrative charges of any kind—whether it is malfeasance, retirement, or what have you—that the distruption to that officer's life would be greater than for a Civil Servant, sitting at a desk here, who has been discontinued. The Civil Servant can, as you say, come back to the job with restitution if it turns out that whatever grievance was appealed is successfully overturned.

Having said all that, there really isn't much reason that a Foreign Service officer, should get prescriptive relief. There has to be control of when people are brought home, but once they are here they ought to be treated as everybody else.

We have talked to AFSA (American Foreign Service Association) and I am on the record as being completely opposed to the concept of prescriptive relief. It is reasonable to say that it is the only change in the Foreign Service Act of 1980 that I would ask for in our Foreign Service reform. In terms of dollars and cents it is not a very large case, but some of the problems are egregious.

As you remember, there was an AID officer who was convicted of a felony. He aggrieved being fired and stayed on the Foreign Service rolls while serving his sentence which goes against everybody's sense of equity.

Mr. KOLBE. Yes, I would certainly concur with that.

Mr. SELIN. He was a Foreign Service officer. It was not relevant to which agency. I want to fix that.

Having said that, this one change is not central to all my personnel reforms. It should be fixed, but it is not a key to the other questions. It won't change our retirement policies or anything else. It is a mistake in my opinion, but it is a free standing mistake. The implications of this are fairly limited.

We ought to fix it because it is wrong, but there are not a lot of other actions that depend on fixing it.

Mr. KOLBE. Let me see if I understand, you say it is not central to your changes?

Mr. SELIN. No, sir.

Mr. KOLBE. Yet you say it is the only change you will recommend?

Mr. SELIN. All the other things that the Director General and I want to do we can do within the Foreign Service Act of 1980.

The one thing we wish to change in the Act itself is prescriptive relief. However, our success in achieving a change of prescriptive relief will not affect whether we can do the other things we wish to do.

KEY CHANGES

Mr. KOLBE. The key ones are what, without getting into the retirement area?

Mr. SELIN. It is a five-part program. We want to change the way we recruit, speed up the time from when you take the exam until you come in to between seven and nine months, actively go out and recruit instead of just accepting applications. We wish to simplify—to make assignments based on skills and needs, not based on the narrow cone system, and make assignments far in advance. We don't intend to put younger officers into a cone until they are tenured, whereas today they get into the cone right away when they come into the Foreign Service.

We wish a consistent profile that says if you are tenured and you really do nothing terrible, you can look forward to promotions to keep you in the Foreign Service for 26 years to become an FSO-1, at which point you have to retire unless you are so good that you get elected to the Senior Foreign Service. In other words, have a more standardized profile.

Those are the main ones.

Mr. KOLBE. None of those require legislation?

Mr. SELIN. None of those require legislation.

PRESCRIPTIVE RELIEF

Mr. KOLBE. Going back to prescriptive relief, you said there were only 18 who had been there 18 months or longer.

My figure suggests considerably more than that. Would you for the record give us the figure for everyone on prescriptive relief.

Mr. SELIN. I would be delighted to do that.

[The information follows:]

PRESCRIPTIVE RELIEF

As of March, 1990, there are 29 Foreign Service employees on prescriptive relief, 21 of whom are FS-01's involved in the so-called "cohort grievance."

Our records show that 17 officers (15 of them in the "cohort grievance") have been on prescriptive relief for 18 months or longer.

Mr. SELIN. I did talk to the Chairman of the Foreign Service Grievance Board, Mr. Stark, about four or five weeks ago before I took a position on it. I wanted to see how big the problem is. In fact, it has grown much less significant in the last few months.

The big problem, of course, is the cohort grievances. The cohorts claim they should not have been forcibly retired with the new system.

Most of them are gone; most did not stay on prescriptive relief.

Mr. KOLBE. I would appreciate it if you would supply it for the record as well as, if you could, your estimate of what the cost of that to your department's personnel budget is.

Mr. SELIN. I would be delighted to.

[The information follows:]

PRESCRIPTIVE RELIEF

The annualized cost to the State Department of the salaries of the 21 officers involved in the Cohort Grievance is $1,616,522. That figure is based on current salary levels (effective January 14, 1990), and would represent the cost to the State Department if all officers were to stay on prescriptive relief through January, 1991.

It should be noted that the officers involved in the cohort grievance are gainfully employed in the Department. For the most part, they are performing work commensurate with their skills and experience. Presumably, if they were not on board, the Department would need to pay others to perform the work these officers are doing.

Mr. KOLBE. I understand the cost is in two areas. The first is hard to nail down the direct personnel area and the second is the ultimate retirement bill. The people that stay on ended up costing more in terms of retirement.

If you can give us information on that I would appreciate it.

[The information follows:]

It is difficult to quantify the exact cost to the State Department of the "ultimate retirement bill" for those officers who are on prescriptive relief. The cost of each individual's annuity package of course depends on how many years of service that individual has, his or her exact salary upon retirement, and the exact mix of retirement options the individual chooses.

In general, however, it can be stated that, should the individuals in the cohort grievance win their case, and be kept on the payroll, the added retirement cost to the Department of their time on prescriptive relief would be zero.

Should they lose the cohort grievance, and be forced to retire, their time on prescriptive relief would presumably be credited in their annuity calculations. Assuming that is true, additional annuity costs to the Department would approximately $2,309 per employee. That calculation assumes an average time on prescriptive relief of 18 months (1.5 years) and that all retirees are covered under the "old" Foreign Service Retirement System, (under which pensions are calculated at 2 percent times number of years of service times the average of an employee's high three years of salary). Of course, the $2,309 extra outlay arising from extra service while on prescriptive relief must be offset by the annuity payments the Department would have made over the past 18 months had these grievants been retired at once without prescriptive relief. With this offset taken into account, the financial consequences of the grievants' losing their case might also approach zero.

CAREER MINISTER AREA

Mr. KOLBE. My other question goes to the area of career minister. The Thomas Commission, I believe, noted that there were 32 or fewer career ministers who are actually serving in positions that are designated for the career minister rank. If my figures are correct, you have 46 or 47 positions for career ministers and over 50 that currently hold that rank.

Mr. KOLBE. I think I understand, if my figures are correct, that you have 46 or 47 positions for career ministers and over 50 currently holding the rank and 47 positions, but only 32 or fewer actually assigned to these areas. Among those listed as career positions are the ambassadorships in London, Paris, Bonn, Rome. Is it realistic to include such positions that are normally political appointments?

Mr. SELIN. How do we match up people with positions in terms of rank? We don't do that very precisely. We have many cases where an Embassy is headed by a Minister Counselor that could be headed by a Career Minister. The Foreign Service has the concept of ranking by person, which means we can assign a person to fill a job that is greater or lesser than the person's rank, and they keep that personal rank. This gives us flexibility, but as a result, we haven't been as careful as we should be in matching up the rank and the person and the position that the person fills. If the number of career positions happens to be roughly equivalent, it is a coincidence, not based on any personal planning—but it should be.

Mr. KOLBE. It should be?

Mr. SELIN. Yes. We should promote people based on the number of positions that are available for people of that rank, rather than a generic feeling that the right mix of senior people is ten percent. The Embassy positions in the Foreign Service and at what grade they ought to be, what rank, would give us a clearer idea than we have today of manpower programming—what positions we are trying to fill, and what structure of people we need in order to fill the positions. We have a lot of history, but there hasn't been a systematic review of what today's structure is, let alone what it should be, and I won't limit that to the number of embassy posts formerly held by career Foreign Service Officers.

Mr. KOLBE. So it would be more economical to have some coincidence between the number of career ministers and the slots that are available?

Mr. SELIN. We are looking at whether we are trying to define the post too precisely, that maybe we should define it more broadly—Senior Foreign Service Upper Half, Lower Half. We want to look at the positions and the jobs and at the proper structure of the Foreign Service to fill these jobs.

Mr. KOLBE. Would you supply the committee with a list of your designated career ministers and positions they fill?

Mr. SELIN. That might be illuminating for me to look at also.

[The information follows:]

CAREER MINISTERS

There are 33 Senior Foreign Service Officers who hold the personal rank of Career Minister. Their names and current positions are:

Michael H. Armacost, Ambassador to Tokyo.
Robert L. Barry, Special Adviser: Eastern Europe.
Everett E. Briggs, Ambassador to Lisbon.
William A. Brown, Ambassador to Tel Aviv.
Elinor G. Constable, Dipl. In Residence-Georgetown U.

Edwin G. Corr, Dipl. In Residence-Oklahoma U.
Maynard W. Glitman, Ambassador to Brussels.
Brandon H. Grove, Jr., Director, F.S. Institute.
William C. Harrop, Ambassador to Kinshasa.
Hume Horan, Special Ass't: Director General.
Lowell C. Kilday, INM: Narcotics Officer.
Roger Kirk, Dipl. In Residence-Georgetown U.
Dennis H. Kux, Nat'l Defense U.-detail.
Robert E. Lamb, Pending Onward Assignment.
Princeton Lyman, Ass't Sec'y-Refugee Programs.
Jack F. Matlock, Jr., Ambassador to Moscow.
Robert H. Miller, Dipl. In Residence-American U.
John C. Monjo, Ambassador to Jakarta.
John D.Negroponte, Ambassador to Mexico.
Thomas M.T. Niles, Ambassador to Ottawa.
Daniel A. O'Donohue, Ambassador to Bangkok.
Robert B. Oakley, Ambassador to Islamabad.
Herbert S. Okun, Dipl. In Residence-Carnegie Corp.
Robie M.H. Palmer, Pending Retirement.
Robert H. Pelletreau, Jr., Ambassador to Tunis.
Edward Joseph Perkins, Director General of F.S.
Nicholas Platt, Ambassador to Manila.
Anthony C.E. Quainton, Ambassador to Lima.
Stapleton J. Roy, Exec. Sec'y of the Department.
Roscoe S. Suddarth, Ambassador to Amman.
William L. Swing, Ambassador to Pretoria.
Frank G. Wisner, II, Ambassador to Cairo.
Warren Zimmerman, Ambassador to Belgrade.

RENOVATION PROGRAM

Mr. SMITH. You are asking for money for renovation, for Columbia Plaza, the main State Building. Will people relocate to temporary offices in other buildings?

Mr. SELIN. The main thing that we are trying to do is to renovate our disgracefully unmaintained premises, to get the opportunity to do some consolidation along the way, and there are side benefits. This is not a consolidation program. It is a renovation. The GSA has agreed over ten years to fund $135 million of $190 million required to completely renovate our main State building, and there is another $15 million for some of the large annexes. This is a ten year renovation program, of which 70 percent of the money will come from GSA.

GSA has a maintenance sinking fund. They put in a certain amount of money paid them in rent by agencies every year so they don't ask for a new appropriation.

There is no question that we need this renovation. I would hope that we could stipulate that and go on. The State Department building is in terrible condition. This comes out to $80 a square foot. We have two and a half million gross square feet of mechanical support and office space in the main State building. We couldn't come close to matching that amount of space for that price with new construction. It has the not completely incidental value to me that most will be paid by another agency which gets a different appropriation. It is the proper thing to do.

There are a large number of people who will have to be displaced while their part of the building is being renovated. Two hundred thousand square feet of building will be out of commission at any time. In order to have space for these people, the General Services Administration has agreed to take over the rest of our closest large annex, the Columbia Plaza Annex, rehabilitate that area so that it is habitable, and allow our people, State and AID, to occupy this area while the main building is being rehabilitated.

We have a ten year plan on who will move to that annex and how long they will stay. We now have about a 100,000 square feet in Columbia Plaza. After Columbia Plaza is renovated, we will end up with close to 400,000 square feet there of which almost three-fifths will be used for swing space. Once we have renovated that space and Main State, it would be foolish not to use it to bring in some of the people that are in substandard, highly spread-out buildings throughout the greater Washington area.

I don't want people to think that everything I have inherited is poorly thought out. We have what I think is a well thought out renovation program which requires swing space in the neighborhood. Columbia Plaza will provide that swing space. That is the second worst building in the Washington area. It needs renovation. Once we are done, we will have space to use for people who are spread out in a lot of small buildings.

Mr. SMITH. What part does GSA not pay for?

Mr. SELIN. Over ten years, we have to offer $55 million and GSA offers——

Mr. SMITH. How much will that take?

Mr. SELIN. I can't answer that in detail. Part of it is the amount of cash they have available. I don't know the rule that splits it out.

Mr. SMITH. We pay them rent?

Mr. SELIN. We pay them plenty of rent.

Mr. SMITH. Even on buildings that were paid for at the time we moved in?

Mr. SELIN. I don't know the answer to that question.

Ms. KENT. Mr. Chairman, I have an answer, a partial answer. They do the basics and then we pay for any customizing or upgrades that are State specific.

Mr. SMITH. You pay to make it plush?

Ms. KENT. I don't know whether plush is the right word. Come to my office.

Mr. SELIN. The kind of things we pay for are the ability to install computers and some of the equipment. They pay for, basically, redoing the wiring, the heating, air conditioning, ceilings, basic structure.

Mr. SMITH. You are talking about basic renovation, not about changing the structure?

Mr. SELIN. It is primarily the conditioning systems, heating, cooling, wiring, safety pieces. The only reason I don't use terrible adjectives is that Columbia Plaza is worse. I main state is a 30 to 50 year old building, depending on which part you go in, and there has been no painting done on that building for 40 years.

Mr. SMITH. The building isn't 50 years old, is it?

Mr. SELIN. The old part is. The part on 21st Street was built from the beginning of the war, originally going to the War Department. The newer part was built in 1960. It is about 30 years old, but in an attempt to be frugal, a lot of the equipment from other buildings was moved into our building. We have a 30 year old building with some 50 year old elevators.

Ms. **Kent**. We have been talking to GSA for years about these problems, and now we are their number one priority in Washington. I think if we don't seize the opportunity, we may lose it once and for all.

Mr. **Smith**. That reminds me of going to national political conventions where they have eight people thinking they are going to be named vice president and you are the top of the list.

Mr. **Selin**. If we get $13.8 million a year from them I really don't care whom else they shower their affections on—as long as we get our share.

Mr. **Smith**. We have questions that we can put in the record.

Thank you.

[The following questions were submitted to be answered for this record:]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

Exchange Rate Fluctuations

QUESTION: What has been the impact of overseas inflation and exchange rate fluctuations on the Department's purchasing power for FY 1990?

ANSWER: Based on end of February 1990 exchange rates, the impact of foreign currency fluctuations has reduced purchasing power of the Department by about $10 million in FY 1990. In addition, the Department has had to absorb the FY 1990 3.6% pay increase.

QUESTION: What is the outlook in this regard for FY 1991?

ANSWER: The outlook for FY 1991 is very much the same as in FY 1990. This situation is compounded by the fact that the exchange rates for the FY 1991 request were estimated at the April 30, 1989 rates. Based on end of February 1990 exchange rates, we estimate that foreign currency fluctuations will conservatively reduce the Department's purchasing power by about $15 million in FY 1991. In addition, we must absorb half of the proposed FY 1991 pay increases for the Senior Executive Service and general schedule employees.

National Foreign Affairs Training Center

QUESTION: How much is included in this budget request for the construction of the new Foreign Service Institute in Arlington, Virginia? What is the status of that project?

ANSWER: Assuming the repeal of Section 614 of Public Law 101-162, the Department's FY 91 budget request maintains the 1990 base level of $14 million for the next construction phase of the National Foreign Affairs Training Center, which will consolidate and integrate training programs of the Foreign Service Institute and the Bureau of Diplomatic Security.

The design will be completed in May 1990. Demolition of existing structures on the site is ongoing and construction is scheduled to begin at the end of the year.

QUESTION: How much will this project save in rental costs, and what is the basis for the savings estimate?

ANSWER: Based on projected cost outlay data, the anticipated 30-year savings to construct and operate the Arlington Hall training facility, relative to the cost of leasing equivalent space, are approximately $350 million.

Adjustments to Base

QUESTION: The justification indicates a requested increase of $92,739,000 in the Salaries and Expenses account for built-in changes and adjustments to base. Will this amount cover all of your mandatory increases for FY 1991, and if not, what items would not be covered.

ANSWER: There is approximately a $45 million shortfall in our request for built-in changes. This deficit is the result of higher overseas inflation than budgeted ($15 million); one-half of the 1991 Senior/General pay increase that is not included in our request ($15 million); and exchange rate losses that have occurred since the budget was formulated last year ($15 million).

QUESTION: The request for adjustments to base reflects a reduction of $65,000,000 for the transfer of the Construction Security Program appropriation. Why wasn't the Foreign Buildings appropriation request for FY 1991 increased by this amount to reflect the transfer of responsibility?

ANSWER: The transfer of the Construction Security program from Salaries and Expenses to the Foreign Buildings account represents a change in responsibility for the implementation of security standards for our overseas building program. However, because of overall budget constraints, the Foreign Buildings account was not increased in order to fund the Construction Security program. Instead, our $65 million requirement for Construction Security will be funded from unobligated balances within the Foreign Buildings account.

QUESTION: The adjustments to base also reflect an increase of $9,000,000 for the Department of State's assumption of administrative support for Arms Control and Disarmament Agency's activities in Geneva Switzerland. Why was this transfer of responsibility made and how much will be saved in this transfer?

ANSWER: In FY 1991 the Department has been directed to assume administration of negotiations management from ACDA in Geneva. The $9 million included in our request will provide for primary administrative support for delegations involved with U.S./Soviet arms negotiations.

The objective of this transfer is to eliminate duplicative administrative infrastructure functions in Geneva between our mission and ACDA-Geneva (e.g., personnel and motor pool). While we will not know until next fiscal year exactly how much savings, if any, will accrue because of this move, the ACDA transfer is consistent with our view that we must more tightly integrate USG Admin support overseas as an economy measure.

Program Increase for DOSTN

QUESTION: You are requesting an increase of $15,248,000 for the Department of State Telecommunications Network (DOSTN). What is the status of this multi-year project?

ANSWER: The DOSTN acquisition has reached the pre-negotiation stage, with the completion of the initial phase of the evaluation of proposals.

Offerors have provided technical clarifications of their proposals. Review and evaluation of these clarifications is on-going. Contract award is projected to occur during the summer of 1990.

QUESTION: How will this system prevent the proliferation of dedicated networks from other agencies overseas? What dedicated networks will be eliminated as a result of this system?

ANSWER: National Security Decision Directive (NSDD) 211 provides that all U.S. Government agencies represented at diplomatic missions and consular offices overseas will use Diplomatic Telecommunication Service (DTS) resources in meeting their telecommunications requirements. Concurrently, Executive Order 12472 states, "The Secretary of State, in accordance with assigned responsibilities within the DTS, shall plan for and provide, operate and maintain rapid, reliable, and secure telecommunications services to those Federal entities represented at United States diplomatic missions and consular offices overseas."

The Department is convinced that through DOSTN's inherent capabilities and technology, the highly efficient packet-switching sub-network and the enhanced services offered, foreign affairs community users will find it far more beneficial to use DOSTN than alternate means of communications. In this way, many of the low speed dedicated circuits now leased by the Department for use by individual foreign affairs community users will be eliminated in favor of DOSTN's larger, more economical, multi-user shared packet-switched circuits.

Changes in Workload

QUESTION: What plans do you have to establish new consulates or offices in the countries of Eastern Europe, the Soviet Union to take advantage of the extraordinary changes that have occurred in those countries in the past year.

ANSWER: At the present time the Department of State is proceeding with plans to open consulates in Bratislava, Czechoslovakia; Leipzig, East Germany; and Kiev, USSR. Consideration also is being given to establishing additional small consulates in the USSR as decentralization of political and economic authority proceeds there.

QUESTION: How will you finance these new offices and new positions?

ANSWER: The senior management of the Department has determined that the the Bureau of European and Canadian Affairs initially will reprogram what it can from lower priority requirements within its existing resources. Positions and resources which the Bureau is unable to provide to meet demonstrated and potential needs will be reprogrammed from other sources.

QUESTION: What are your additional resource needs in Panama and Nicaragua and how do you plan to finance those needs?

ANSWER: Violeta Chamorro's victory in Nicaragua's recent free, democratic elections is a watershed in U.S.-Nicaraguan relations. In recent months, our Embassy in Managua has labored under a Sandinista-imposed staffing limitation of 15 U.S. employees. We have recently been told that this limitation is to be lifted. We certainly want to expand our diplomatic presence in Managua to assist Nicaragua's democratic and economic development.

We are now studying how we can do this most efficiently.

QUESTION: What have the posts requested to cope with the changes in Eastern Europe such as additional staff, funds, facilities or other resources, and has the Department approved any of these requests? To what extent are these requirements reflected in your budget request?

ANSWER: Since the dramatic changes in Eastern Europe occurred so recently, neither the Bureau of European and Canadian Affairs' FY 1990 budget nor its FY 1991 budget request reflect any of the new requirements. In April-June 1989, when the FY 1991 budget was formulated, the situation in Eastern Europe was as it had been for the last four decades. Our posts in Eastern European have requested new American and Foreign Service National positions to meet the new requirements there. These positions cover all functions -- political, economic, consular and administrative. The Department has been working to identify positions to be transferred from Western European to Eastern European posts to address these requests.

QUESTION: Are positions within the European or other bureau targeted for shifts, and have any staff already been moved?

ANSWER: The Bureau of European and Canadian Affairs has identified and is in the process of transferring 32

American positions and 37 FSN positions from Western European posts to Eastern European posts. Several positions have already been transferred and are being staffed.

QUESTION: The subcommittee had a chance to see the building that has been tentatively identified for a new consulate in Kiev. Is there a need for other new posts in the Soviet Union? What kinds of resources are required and where would those posts be located? What other agencies would be involved at those post?

ANSWER: Based upon a recognition that the centralized command economy does not function efficiently, the Soviet Union is transferring power from Moscow to republic and local levels. A parallel process is underway to transfer greater political power to local elected bodies. Soon, Embassy Moscow will not adequately be able to cover events in the USSR from one central location. To take advantage of unprecedented opportunities to acquaint Soviet citizens with American views and values, promote trade and report on developments, a number of small consulates will be needed. It is worth noting that the area between Moscow and the Pacific coast -- where there are no U.S. missions -- is larger than the entire continental U.S. As a first step, the Department is proceeding with plans to open a consulate in Kiev as soon as possible. Key regions which might be served by future consulates include the Caucasus, Central Asia, the Pacific Coast, and Siberia. Some consulates may be directed primarily to support special functions such as arms control verification. The Department believes these missions should be small -- having from six to a dozen officers each. USIA and the Department of Commerce might likely have representatives at some posts; in the case of missions which support inspectors, the participation of the On Site Inspection Agency would be anticipated.

FAAS System

QUESTION: In FY 1990 the Committee directed the Department to expand the Foreign Affairs Administrative Support (FAAS) System to include additional administrative support functions in the reimbursements from other agencies. Your FY-1991 request seeks to abandon these reimbursements and restore about $68,000,000 to your own budget. What is the rationale for this reversal?

ANSWER: We propose to rescind FAAS expansion in order to provide funding stability to the infrastructure which provides administrative services vital to the people and programs of all U.S. agencies operating overseas. That funding stability is threatened in FY 1990 because AID and USIA are operating under congressional constraints which limit their reimbursements for the State

Department's FAAS support to amounts almost $35 million less than anticipated. The Department's base resources no longer contain the funds necessary to provide the expanded FAAS services to other agencies. If such limitations continue, our overall support structure will suffer irreparable damage. Accordingly, while we remain committed to the principle of equitable burden sharing, we propose that the FY 1990 expansion of FAAS cost sharing be rescinded until all key Congressional committees agree on agency funding responsibilities.

QUESTION: Provide for the record, the amounts budgeted for FAAS for each agency in FY-1990, the actual reimbursements requested and the reasons for any difference.

ANSWER: The table below compares reimbursements estimated for the FY 1990 budget under an expanded FAAS system with our most current estimate of each agency's share of FAAS support costs. Differences are due primarily to changes in each agency's overseas program presence and the amount of administrative workload generated by that presence plus local overseas market conditions. Also, in developing reimbursement estimates under expanded FAAS, our 1988 experience was adjusted by world-wide inflation factors for 1989 and 1990. Our most current reimbursement estimates are based upon the actual inflation experienced by our overseas posts. The current estimates will be refined during May, 1990 through negotiations with the major FAAS agencies.

FY-1990 Cost Sharing by Other Agencies
Under An Expanded FAAS System
($ in thousands)

Agency	FY-1990 Budget Assumptions	Current FY-1990 Estimates	Difference
USIA	$ 47,105	$ 47,705	$ 600
AID	27,848	26,330	(1,518)
Defense Agencies	135,004	128,440	(6,564)
Agriculture	8,093	7,586	(507)
Commerce	12,638	14,939	2,301
Peace Corps	4,977	4,321	(656)
Health & Human Services	1,244	1,690	446
Department of Justice	8,701	11,583	2,882
Dept. of Transportation	1,733	1,998	265
Treasury	4,200	5,251	1,051
All Others	8,745	11,931	3,186
GRAND TOTALS	$260,288	$261,774	$1,486

Machine Readable Visa

QUESTION: How much have you included in your budget request for continued development and implementation of the machine readable visa program?

ANSWER: We have included $4 million as Machine Readable Visa base funds in our FY 1991 budget request.

QUESTION: In your statement you indicated that the Department is concentrating on several major technology programs including the machine readable visa pilot program. However, in a letter dated February 8 to the Committee you stated that you would eliminate the machine readable visa program for FY 1990 if Section 614 is not repealed. How can you develop this technology if you are proposing to do away with the FY 1990 funding for the project?

ANSWER: Because our funding situation is so tight, if Section 614 is not lifted we will have no alternative but to delay implementation of the machine readable visa program until our resource situation improves. This does not mean, however, that we are any less committed to the machine readable visa program. As you are aware, the imposition of Section 614 has resulted in the delay of several projects that the Department considers important, such as the machine readable visa program. We strongly believe that these types of programs are critical to our efforts to modernize the way we conduct diplomatic relations and consular affairs.

Columbia Plaza Renovation

QUESTION: You are requesting an increase of $6,000,000 for renovation of space at Columbia Plaza. I understand that this proposal relates to a proposed 10-year renovation of the main State building and consolidation of State Department personnel located in 10 other buildings into Columbia Plaza. Please describe the various parts of this multi-faceted project.

ANSWER: There are three interrelated projects, Columbia Plaza renovation, Main State renovation, and consolidation of annexes:

A. Columbia Plaza is a sick building with very favorable rental terms which has been occupied by a number of different agencies. GSA has proposed renovation and assignment of the entire building to State and AID. The Department and AID will share proportionately the cost of providing furniture, voice and data wiring systems, computer rooms, and upgraded security systems. When completed, approximately half of the building will be used as "swing space" for the renovation of Main State. The total cost to rehabilitate, refurnish, and wire for telephones and computers will be approximately $25 million. Of the $25 million, GSA will fund $15 million and AID will fund $2 million. The Department funded $2 million in FY 89 and has requested $6 million in FY-91. The building has about 400,000 square feet of usable space. Therefore, the cost will be $62.50 per square foot.

B. Main State consists of two sections, the old War Department Building (built in 1939) and the New State addition (built in 1961). The mechanical and electrical systems of both parts of the building are worn out. The building occupancy far exceeds the original design population. State was originally designed to accommodate only one half as many people as now occupy the building. The installation of computers and electrical equipment since 1961 has placed a severe load on electrical and air conditioning systems. In 1961, New State was furnished with an early form of modular furniture which has long since worn out. The available space is overcrowded and inefficiently used. Under the current project, the systems and space utilization will be brought up to modern standards. GSA will fund approximately 71% and State will fund approximately 29% of the total costs. GSA has already advertised for the Architectural and Engineering firm for the Main State project and has $3.8 million of the Design funding in hand. The first step will be a comprehensive study of all of the space occupied by the Department in the Washington, D.C. area. That study will provide an agency-wide housing plan which will permit realignment of offices and a rationalization of space use, and will permit greater operational efficiency.

C. Annex Consolidation will occur after the Main State project is completed - approximately in 1998-1999. The Columbia Plaza "swing space" will be permanently occupied by employees brought in from annexes. State and GSA are looking for additional space in the Foggy Bottom area to permit an even greater degree of consolidation. Consolidation will increase efficiency by limiting employee travel time on shuttle buses as well as the direct cost of the buses. With proper planning, the number of square feet per employee should be reduced while employee satisfaction with the working environment should improve. Twenty six office space annexes will be reviewed for consolidation. Most of the office space annexes will be significantly reduced when the Columbia Plaza and Main State projects are completed. However, the warehouses and special purpose (e.g. map library) type annexes will remain. If additional office space is obtained in the Foggy Bottom area, more office space annexes will be reduced.

QUESTION: What is the total estimated cost of the Columbia Plaza renovation, what is the total cost of the main State renovation, and what will be the cost of consolidating State Department activities from the 10 other buildings into Columbia Plaza?

ANSWER:

Columbia Plaza:	$15.0 million	FY-90	GSA	60%
	$ 2.0 million	FY-89	State	8%
	$ 6.0 million	FY-91	State	24%
	$ .7 million	FY-89	AID	2%
	$ 1.3 million	FY-90-92	AID	6%
	$25.0 million			100%
Main State:	$70.0 million	FY-93	GSA	37%
	$65.0 million	FY-96	GSA	34%
	$55.0 million	FY-92-98	State	29%
	$190.0 million			100%

Office Consolidation will not occur before 1998. It is virtually impossible to estimate costs that far out because we do not know the degree of consolidation, the locations of consolidation, or the condition of the systems furniture in Columbia Plaza after almost a decade of use as Swing Space. The actual costs of consolidation should not be an expense comparable to rehabilitation of a building but there would be some office renovation to convert the space in Columbia Plaza from an office hotel concept to fit the specific requirements of a permanent occupant. We do not have an estimate for these distant future costs at this time.

Staffing Matters

QUESTION: In your statement you referred to a management study using "activity value analysis" to determine the most efficient and effective ways of performing essential functions. What will this study provide the Department and to the Committee which the Bremer Commission report, the Thomas Commission report, and the Grove report all dealing with management efficiency, did not provide.

ANSWER: What defines an activity value analysis, and what sets it apart from the cited studies is that AVA provides "data supported" solutions to management problems. The Department's AVA studies will give us the information we need to make rational management decisions on how to deploy our shrinking resources. In-depth and systematic data collection marks the first phase of an AVA. Supervisors and rank-and-file employees examine every task performed in their organization, and evaluate the relationships which exist between the activities performed and the accomplishment of the organization's mission. Collected data is entered into a relational data base which permits the manipulation of data to graphically portray the actual patterns of activities (inputs and outputs) as they currently take place and allows employees and management to test alternative ways of organizing and structuring their activities to more efficiently accomplish their missions. The ultimate goal of an AVA study is to restructure the organization so that resources are more effectively deployed to accomplish the most essential missions. Both redundant activities and lower priority missions are dropped.

The scope of the Bremer and Thomas reports was essentially limited to the Foreign Service. The Bremer Commission examined the implementation of the Foreign Service Act of 1980 and the effect it has had on the Foreign Service. Reform of the Foreign Service personnel system was the focus of the Thomas Commission Report. The AVA project is an organizational assessment of the Department of State. During the first year, the bureaus reporting to the Under Secretary for Management will be studied. If we are successful in the "M" bureaus, the study will be expanded to include the rest of the Department during the second and third years of the project.

QUESTION: What projects are under way, what are the anticipated results, how much will the study cost, and when will it be done?

ANSWER: The Activity Value Analysis of the Department of State is a three year project. During this, the first year, we are examining the Bureaus which report to the Under Secretary for Management. If successful, we will do the rest of the Department in the second and third years. The Bureau of Finance and Management Policy (FMP) and the Bureau of Personnel (PER) are the first of the "M" bureaus to participate in the program. Their studies, which are just getting underway, will be completed in June.

Most of the work will be done by Department personnel but we will need help from experts in the rigorous field of value analysis. We expect the cost of the assistance of a management consulting firm will be approximately $1 million per year.

The end product of the AVA should tell us what are the most effective and efficient ways of performing our essential tasks, give us a better understanding of the functions we may or may not wish to continue, and indicate areas where the work product is redundant or clearly non-essential.

QUESTION: In 1989 the Thomas Commission reported that long-range planning is an intrinsic element in effective human resource management. What long-range planning systems are in place within the State Department?

ANSWER: Through the Functional Needs Study, the Activities Value Analysis, and other planning instruments, the Department is working to improve its long-range planning capability. However, because the State Department's programs and activities are, in large measure, a function of events and trends overseas, our long-range planning systems is must be flexible enough to respond, for example, to recent events in Eastern Europe.

QUESTION: The Thomas Commission also said that the Department should set hiring and promotion numbers against a defined position structure. How does the Department plan to do this, and if not, why not?

ANSWER: The Department's current intake and promotion practices are already set against the position structure, but the steps outlined below should better define the requirements and strengthen that linkage. Those steps include:

a. The performance of a functional needs analysis to, among other things, identify by position the myriad tasks and associated skills each job entails;

b. The development of a Multifunctional cone to include those positions which involve substantive policy analysis/formulation/ execution, as well as the application of management skills such as staff supervision, resource management, and significant interagency liaison/coordination;

c. A review of all positions currently designated as International Relations Officer General (IROG) to determine the exact nature of their job content in relation to the four existing cones so that intake and promotion planning for those cones and more closely aligned with positions requirements.

QUESTION: In a 1989 report on the Foreign Service, the Bremer Commission said that the Department must have a more effective means to determine its personnel requirements. That Commission concluded that personnel requirements developed incrementally with little effort to relate the current requirements to actual workload. In addition, there was no way to judge the current position structure. The Foreign Service cannot say with any confidence whether its current top-heavy structure is necessary or desirable. No provision is made for funding positions to cover officers on transfer. What are your plans for addressing the concerns of this Commission?

ANSWER: The Department has undertaken two activities recently to address just these concerns. The Functional Needs Study is designed to provide data necessary for a reexamination of our manpower planning procedures, the cone system, promotion precepts, training requirements, position classification and assignment criteria. This study will collect information about tasks currently performed in specific jobs held by mid-level and senior Foreign Service officers in domestic and overseas assignments, and will relate them to the knowledge, skills, and abilities required to perform them well.

Secondly, the Department has entered into a contract for an Activities Value Analysis (AVA) of those bureaus under the direct supervision of the Under Secretary for Management. AVA is a modern management tool for systematically analyzing the objectives, structures, functions, procedures and systems of an organization. The main purposes of Value Analyses are to reduce wasted resources, eliminate redundancies, achieve better central controls and achieve managerial prioritization. If successful in the management-related bureaus, the AVA project will be expanded to include the rest of the Department.

QUESTION: Yet another report, the Grove report, cited numerous management deficiencies within the Department such as duplicative offices and lack of clear lines of authority and responsibility. What are your plans for responding to these concerns?

ANSWER: In August 1987, the Department faced a serious funding deficit in FY-88 and could not continue to operate at a current services level. Deputy Secretary Whitehead recommended to the Secretary a number of cost reductions to live within funding levels. The Grove Report analyzed the recommendations of the Whitehead Report to achieve an effective reduction of operations within the Department of State in a worst-case scenario. However, with the increase to State funding in December 1987 many of the draconian measures could be dropped. Still, a number of recommendations were implemented including the reduction of redundant positions in OES, CIP and the Policy Planning Staff and a reduction of temporary positions in USOAS.

One portion of the Grove report, "Administrative Functions for the 1990's" recommended revisions to policies in the Department to promote more effective administrative management. A senior management group reviewed the report and supported 31 recommendations. Twenty five of the recommendations were implemented quickly. Six other recommendations were multi-year efforts and are in various stages of execution. Through the recommendations, the Department of State has better integrated the information management function within the Department and formed an information management advisory board, consolidated FTE and position management within the Office of the Director General, delegated to individual bureaus the authority to classify certain PIT positions, gave to the Bureau of Medical Services authority over certain types of medical travel funds, and placed a greater emphasis on assignments to the Board of Examiners.

QUESTION: There appear to be staff increases between FY 1989 and 1990 in many of the Department's Washington bureaus and offices. Many of these occurred in the immediate offices of the assistant secretaries. What is the reason for this increase in support positions in Washington when the number of positions overseas has remained relatively constant during this period?

ANSWER: The primary cause for the increase your question refers to is the transition from one administration to another. As new key officials arrived in the Department they brought in new support staffs with them, while retaining prior administration staff members to assist in the transition. It is anticipated that during FY 1990 the number of support staff will return to a level approximating the level that existed before the transition. The only permanent increases should be in those areas where new program requirements have increased the workload.

Overseas Operations

QUESTION: You stated in recent testimony that the Department needs to review the staffing of all agencies at overseas posts for reasons of security, diplomatic profile, and management. What action have you taken to carry out such a study, when will it be finished, and what preliminary indications do you have on the outcome of the study?

a. Do you think there are too many U.S. government employees overseas, and if so, why?

ANSWER: We have developed a methodology for reviewing the staffing at overseas posts. This methodology is now being tested at some of our largest missions, and the initial results are very encouraging. Basically, what is involved is a comparison of the actual allocation of personnel resources against our goals and objectives for that mission. This is being done in a very thorough and objective way. The results of the study are provided to the Chief of Mission, who then uses them to make decisions on staffing under NSDD38. The methodology is being further refined for use at other large missions, where the greatest savings can be effected. Subsequently we will conduct staffing reviews at our medium-sized and smaller embassies. We hope to institutionalize this process by early next year, so that COM's will review staffing, using this methodology, on a regular basis throughout their tenure. In this way the USG will be able to ensure that overseas staffing is truly limited to only that which is essential to the performance of priority policy objectives.

I do believe there are too many U.S. Government positions overseas. The principal reason is that new positions are created to meet new requirements, but when these requirements cease to exist or are diminished, all too often corresponding reductions do not take place. That is why the kind of staffing review I have described is needed periodically.

QUESTION: Please explain the Department's efforts to manage the overseas complement of federal agencies through your role under National Security Decision Directive (NSDD) 38.

a. Have any agencies reduced their number of personnel abroad, and if so, which agencies, and at what posts?

ANSWER: Under NSDD 38, the Chief of Mission (COM) controls the size, composition, and mandate of mission staffing. The Department of State has no deciding role; it advises the COM on the merits and implications of a proposed staffing change, and provides general guidance on staffing issues.

On specific cases, the Office of Management Policy (which NSDD 38 identifies as the Department's point of contact), solicits the views of appropriate State offices and forwards them to the COM by cable. These cables are unique; unlike virtually all other State cables, they are not intended to present an official, unified Department position, but to reflect the full range of Department views, in the belief that the COM is best served by having as much information as possible about a staffing request. The same message may, in fact, offer completely contradictory recommendations, with one office offering reasons in favor of a staffing proposal while another argues against it.

The Department of State as a whole does not take a position for or against specific staffing proposals. The general guidance given COMs charges them to use resources effectively and efficiently, and to relate them to priority policy and program objectives. It urges them to approve only staffing changes essential to the goals and work plan of the U.S. mission, taking into account such factors as security, economy, and political visibility.

The emphasis on controlling the size of the U.S. Government's presence overseas has not translated into significant position reductions. Although budget pressures have compelled some agencies to offset position increases in one location by abolishing positions elsewhere, we continue to see requests for new positions abroad, with many linked to important national priorities (e.g., narcotics control, international aviation security).

It is important to remember that NSDD 38 applies only to full-time, permanent, direct-hire U.S. and foreign national positions. It does not apply to contractors, and offers us no mechanism either to monitor or to control agencies' use of contractors as substitutes for regular U.S.G. employees. The possibility remains, therefore, that apparent cuts in position levels covered by NSDD 38 may not in fact reflect an actual reduction in the U.S. Government's presence overseas.

QUESTION: I understand that a recent article stated that you intend to reduce the Department's overseas presence by five to 10 percent. How would this be accomplished, in what countries, and what is the timetable for carrying out this reduction?

ANSWER: The principal means of reducing our overseas presence would be the staffing reviews I described in answer to the preceding question. All countries would be involved, and reductions would occur as soon as is practical after the Chief of Mission's decisions are made.

QUESTION: In light of this goal, what is the reason for the requested increase in the staffing at the Department's three Regional Administrative Management Centers located overseas?

ANSWER: The positions in question do not represent an increase in staffing at the three Regional Administrative Management Centers. These positions are parts of a base restoration which the Department seeks to ensure continuation of consolidated administrative support services vital to the overseas programs of other agencies. In order to minimize the disruption to all U.S. foreign affairs programs, the Department proposes to reassure total funding of these support costs on behalf of all other agencies. In FY 1991 we seek restoration of the same amount and number of positions reduced from our budget in FY 1990.

QUESTION: In a December 1989 report on overseas financial management, the Inspector General recommended elimination or reprogramming of 12 overseas U.S. disbursing officer positions at an estimated savings of $2.2 million a year. What action has the Department taken or planned to take on this recommendation?

ANSWER: The Department is developing a plan which will determine where and how our overseas disbursing and serviced post processing will be centralized.

QUESTION: I understand the Department is considering expanding the Special Embassy Program which is already in place in 32 posts. What has been the impact of this program in terms of workload, have any personnel reductions occurred at the 32 posts, and if so, where have these personnel been assigned?

ANSWER: The Special Embassy Program (SEP) was planned in two phases. The first phase, which has just ended, was meant to institutionalize a new way of managing our smaller embassies, to develop new procedures, and to test workload reduction ideas. The objective of this initial phase was to preclude any growth in personnel at SEP posts except under extraordinary circumstances. I have now informed chiefs of mission at SEP posts of a series of new measures that are being implemented. These include , among others, elimination or streamlining of many reports, the provision of labor-saving technology, the greater use of regional offices and neighboring larger embassies to support SEP posts, and special personnel procedures. In this new phase there should be savings in money and positions. Since nothing like the SEP has been tried before, it is difficult to predict the magnitude of savings at this point.

Reprogramming Policy

QUESTION: When does the Department expect its new financial management system to be fully operational?

ANSWER: The new primary accounting system will be fully operational in all Department bureaus on December 1992. At that time, our financial reports will provide timely and meaningful management information, material non-conformances with GAO and OMB requirements will be eliminated, and material weaknesses in our financial and accounting systems will be eliminated.

QUESTION: Will the new system ensure a match between obligation accounting and the program elements shown in the budgets presented to the Appropriations Committee so that reprogramming needs can be identified and reported?

ANSWER: When the final phase of implementation is complete, the new system will ensure a match between obligation accounting and program elements in the budgets presented to the Appropriations Committee so that reprogramming needs can be identified and reported.

QUESTION: Does the Department have an interim plan for identifying any major reprogramming situations that should be reported to the Committee?

ANSWER: Yes. The Department examines details of funding plans against the Budget Structure in advance of expenditure and entry into the accounting system which provides the historical record. The Department has efforts underway to modify the accounting system so that it will provide real-time monitoring of obligations that will be consistent with budget breakdowns.

QUESTION: Does the Department or agency have written administrative regulations that include the general provisions of the annual appropriation acts regarding reprogrammings and reorganizations/relocations? If not, when does the department or agency intend to complete such regulations and send a copy to the Committee?

ANSWER: The Department has always had informal guidelines covering the statutory reprogramming requirements and prepared regulations last year. We are currently revising them to reflect recent legislation and revisions we have made to our Congressional Budget Presentation. We will provide a copy to the Committee as soon as they have been reviewed and cleared for consistency with overall Administration policy.

QUESTION: How does the Department or agency interpret the terms, "program, project, and activity," in regard to its own budget structure and the reprogramming provisions of the acts? What is the most appropriate structure for controlling and reporting reprogrammings, i.e., by a programmatic breakdown of functions performed, or by organizational units, or a combination? Does this structure match the form of the budget presented to the Committee for the annual budget review?

ANSWER: The Department's Congressional Budget Presentation documents provide a breakdoen by relevant "program, project, and activity." The program activities reflect the major components of the Department's ongoing conduct of diplomatic and consular relations and the carrying out of this nation's foreign policy and focus as well on major initiatives with significant budget implications. The budget is aggregated into programmatic and organization components with sub-activities described within each of those designations because the Department believes that the most useful way to view components of the budget is through these separate and parallel views, i.e. a structure that is a combination of both organizational and functional activities.

QUESTION: At what level of its budget structure does the department or agency control for reprogramming, i.e., at program or organization level, activities within program/organization, or subactivities or projects? Is the level for reprogramming control reasonable, in that it is not at too high a level so as to mask reprogramming that would be of interest to the Committee, nor at too low a level where the values are relatively insignificant and excessive paperwork is generated to report reprogrammings?

ANSWER: The categories discussed above plus items specifically funded in appropriations statutes and Congressional reports, provide the basis for all Departmental reprogrammings and establish the level at which reprogramming control is exercised by the Department. The Department believes that these categories present a reasonable means of complying with the legislative reprogramming requirements.

QUESTION: Does the Department or agency track all items specific amounts that have been earmarked in Committee reports by relating obligations to these amounts to identify reprogramming needs for reporting?

ANSWER: Yes, as indicated above, the Department does track those items, which serve as one of the bases for reprogramming.

QUESTION: Does the Department or agency have the accounting capability to relate obligations in a timely manner with the reprogamming base of its budget structure, so that advance notice of planned reprogrammings can be given to the Committee? If not, what is the Department or agency doing to improve its capability to detect reprogramming needs before it is too late in the year to notify the Committee? In the event that circumstances beyond the Department or agency's control prevent notification of unforeseen reprogrammings before the end of the year, how long would it take to report to the Committee after the fact with an explanation of the circumstances.?

ANSWER: As the Committee is aware, the Department does not currently rely on its accounting system to determine the need for reprogrammings. Instead, the Department examines details of funding plans against the budget structure in advance of expenditure and entry into the accounting system, which in turn is used as the historical record. The Department has efforts underway to modify the accounting system so that it will provide real-time monitoring of obligations that will be consistent with the functional activities used in our budget presentation. In the unlikely event that an unforeseen reprogramming is required, we would of course notify the Congress as soon as the information is available.

QUESTION: With respect to appropriated funds available for more than 1 year, does the Department or agency include the carryover of prior years funds in its reprogramming base for control and reporting? If not, does the Department or agency realize that when the carryover is not included in the base, those funds are not under reprogramming control and that actual reprogrammings may go undetected for that reason?

ANSWER: Yes, the Department tracks funds with more than one year availability until they are expended and provide Congress with any required reprogramming notifications.

QUESTION: What is the Department's or agency's policy regarding notifying the Committee in advance of planned local moves costing $500,000 or more? Has the Department or agency regularly informed the Committee of such moves in the past?

ANSWER: The Department notifies the Committee of openings and closings of posts abroad and domestic field offices, even if less than $500,000 is involved.

QUESTIONS SUBMITTED BY CONGRESSMAN ALEXANDER

National Foreign Affairs Training Center

QUESTION: The FY 1991 budget request includes $14 million for the Foreign Affairs Training Center project at Arlington Hall.

a. What is the current status of this project?

ANSWER: The Department recently reviewed its plans to construct the National Foreign Affairs Training Center at Arlington Hall which will consolidate and integrate training programs of the Foreign Service Institute and the Bureau of Diplomatic Security. On the basis of a comprehensive lease versus build analysis, the Department is continuing with its plans to construct this facility.

The design will be completed in May 1990. Demolition of existing structures on the site is ongoing and construction is scheduled to begin at the end of the year.

b. What is the current estimate of the total construction cost of this project?

ANSWER: The total project cost is estimated to be $77 million. Of this amount, approximately $66 million is the estimated demolition and construction costs. The remaining $11 million is for design, review, management, inspection and associated site costs.

c. What is the current estimate of the date that this Center will be available for use by the Foreign Service Institute?

ANSWER: Assuming Section 614 of the current appropriation bill is repealed and we continue to obtain required funding, the facility is scheduled to be completed in June 1993. Phased move in of the facility by the Foreign Service Institute and Diplomatic Security Training Center will be completed by December 1993.

d. In what year, after the Center first becomes operational, does the Department estimate that use of the Center for training will become more fiscally advantageous to the government than the current situation involving use of leased space?

ANSWER: Based on projected cost outlays for a 30 year period, the government will begin to experience fiscal advantages by building rather than continuing to lease space after eight years of occupancy; in the year 2002.

e. The Department has estimated that over a 30-year period, the Center project will save the government $350 million. In what year does the Department currently estimate that cumulative savings resulting from the Center will equal its cost of construction?

ANSWER: The cumulative savings resulting from building and operating the Center will equal its cost of construction in the year 2009.

QUESTION: In compliance with the Conference Report on Public Law 101-162, the Department has provided the Committee with a report on measures it will implement during the next two years to alleviate the habitability issues endemic to the Foreign Service Institute facilities.

> a. What is the status of the negotiations, between the Department and the General Services Administration and the lessor, concerning corrective action and methods for addressing air quality and people movement problems?

ANSWER: The Department contracted with NuChemco Inc., an industrial hygiene firm, to do an air quality survey in response to complaints from occupants in State Annex Building 3. The report, while finding the air quality in most parts of the building to be acceptable, did make recommendations for corrective actions in some areas. The Department and GSA submitted a copy of the report with recommendations for corrective action to the lessor but, to date, no response has been received. The Department and GSA will continue to pursue this matter since some of the recommended improvements in the air distribution system go beyond current lease requirements.

With regard to people movement, the relocation of high density classrooms to newly acquired space on the floor level above the entrance level will alleviate some circulation problems in SA 3.

> b. What is the status of the negotiations, with GSA and the lessor, for additional space in the facility known as SA-3 and when do you expect this additional training space to be available?

ANSWER: The renovation work on A Level of SA-3 is currently in progress, and the space is scheduled to be available for occupancy on April 30, 1990.

> c. What action is the Department taking to insure that the expenditures for renovations of classroom space, newly acquired and existing, which are factored into the lease costs appropriately reflect only the spending directly associated with the Foreign Service Institute's requirements?

ANSWER: The Department is working with the General Services Administration to assure that newly acquired space is renovated at the lessor's expense and that appropriate rental rates are charged for the space. Since the Department is planning on relocating the Foreign Service Institute to the new National Foreign Affairs Training Center at Arlington Hall by December 1993, only limited alterations to existing space will be accomplished as necessary to meet short range functional requirements of the Foreign Service Institute.

QUESTIONS SUBMITTED BY CONGRESSMAN EARLY

Machine Readable Visas

QUESTION: What is the current status of machine readable visas?

ANSWER: The Machine Readable Visa (MRV) system is functioning at one post -- Embassy Santo Domingo -- which is our test site. The MRV program is currently undergoing a program review in the Department to determine how best to implement the program within resource constraints.

QUESTION: How many Foreign Service posts currently have in place a machine readable visa program? Where are these posts located?

ANSWER: Only one post, Embassy Santo Domingo in the Dominican Republic, has the MRV system.

QUESTION: How many posts are in the process of preparing for implementation of the machine readable system? Where are these posts located?

ANSWER: Both Bogota and Mexico City have begun preparations for the MRV. These installations have been placed on hold pending completion of our review of the MRV program. We anticipate moving forth with these two posts in the fall. In addition, preliminary work has also been started for Kingston, Seoul and Manila.

QUESTION: What is the total number of posts scheduled to have a machine readable visa program?

ANSWER: Our current planning includes the installation of a MRV capability at the majority of Foreign Service posts. It is not clear that the installation of MRV at posts that issue only a few hundred Visas annually is cost efficient.

QUESTION: What is the timetable for implementing machine readable visas world-wide (including both Foreign Service posts and ports of entry)?

ANSWER: Our planning is based upon a five year implementation timetable for installation at most Foreign Service posts. This planning is being coordinated with INS in order to realize the greatest MRV impact as soon as practical. INS can better answer the question as to a timetable for installing MRV readers at ports of entry.

QUESTION: Is the $4 million request for FY91 sufficient to meet the needs of the timetable? If not, what additional amount could be used effectively? How will this $4 million be used?

ANSWER: We believe that the $4 million in the FY 1991 budget base, along with funds provided in FY 1990 is the correct number to allow us to move at a reasonable pace.

QUESTION: What is the projected total cost of implementing machine readable visas?

ANSWER: That is a question we can answer only after our cost-benefits review is completed. There are several alternatives with differing costs which must be considered. One option that appears feasible is to implement a MRV including the applicant's photograph at our 50 or so high risk posts and a "photoless" MRV at all other posts. We believe that a five year implementation plan is realistic. Under this scenario, the program costs in FY91 would be $6.4 million. Of that, $4 million would come from the FY91 request and $2.4 million would come from FY90 funds, provided Section 614 can be waived. It then would be our intent to complete a full, world-wide implementation from FY92 through FY-95. Under this plan the majority of Foreign Service posts would be fitted with the program. It is not clear that it is cost effective to place the MRV system at posts that issue only a few hundred visas a year. It also should be pointed out that the MRV requires more labor, and that preliminary estimates are that the MRV installed world-wide could require additional workyears when in full operation.

QUESTION: Is the implementation of machine readable visas being coordinated with other agencies? Could you provide some specifics of how INS, Customs and the State Department have coordinated their efforts in implementing machine readable visas?

ANSWER: All three agencies worked together regarding what information should be captured on the MRV, the layout of both visual and machine readable zones and the security elements. Because of INS input, State included additional data fields which we had not captured previously. All three agencies worked together to develop an installation schedule. Santo Domingo was chosen as a pilot site in part because it coincided with INS implementation plans. Several problems have been identified because of the Santo Domingo pilot which we are working with INS and Customs to correct.
MRV is often a topic of discussion at IBIS (Interagency Border Inspection System) meetings. In addition, State Department personnel routinely meet with INS personnel in Miami when returning from work at the Santo Domingo test site. During these meetings, our personnel answer questions and explain various features of the visa to INS inspectors.

QUESTION: How many ports of entry currently have machine readable visa capabilities? How many ports of entry currently do not have machine readable visa capabilities?

ANSWER: Thirty-six land, sea and air ports of entry have the capability to read MRV. Additional sites are scheduled to come on line this year. We are sure that INS and Customs will be happy to provide a more detailed response concerning their current capabilities and future plans.

QUESTION: What technological problems are you encountering which may delay the implementation of the machine readable visas?

ANSWER: While much of the MRV system is on the cutting edge of technology, we have found that it works well with a minimum of major problems. Rather than resolving technological problems, it is more a matter of our making refinements to what appears to us to be a good system. For example, the system whereby the MRV's computer captures a photograph of the visa applicant and generates that photo onto the visa foil is very new technology that may still require enhancements. We need more data to ensure the long term readability of the visa as well as its fraud resistance. However, the MRV system works well in its test site in Santo Domingo and the photo is generated in a fully satisfactory manner. We now are seeking ways to make the photo operation less labor-intensive by making improvements in the camera and in the linkage between the camera and the computer.

Department of State Telecommunications System (DOSTN)

QUESTION: You mention in your statement that the State Department has not aggressively pursued using modern technology to its fullest potential. What specific programs are being proposed in this budget that will allow the State Department to better utilize modern technology? What amount of funds are being requested in FY-91 for updating State Department technology? What plans are being proposed for future uses of modern technology?

ANSWER: The Department of State depends upon a rapid, accurate and confidential flow of information. Maintaining the flow of information is an absolute requirement. Recognizing this, our highest budget priority is the Department of State Telecommunications Network (DOSTN). DOSTN is a modernization and replacement of the Department's commercially-leased, high speed circuit program. It is an integrated, secure global "backbone" telecommunications network to accommodate efficiently existing and emerging requirements for data and voice communications, using commercially available packet, circuit and message switching technology.

The FY 1991 funds requested for DOSTN represent a substantial investment in new technology, however it is not the only investment the Department will make to update technology. Base resources fund such ongoing investments as the Machine Readable Visa (MRV) program and other consular computer systems which support worldwide consular applications, domestic and overseas Financial Management Systems (FMS), Freedom of Information Act automation, and the Foreign Affairs Information System (FAIS) and other office automation systems. Specific hardware investments will also be funded from the base and include additional minicomputer installations, classified information handling systems, and additional equipment for the Beltsville Information Management Center.

The Department of State's information management programs comprise 20 percent of our FY 1991 request. The total funding devoted to information management is $376 million. Of the total devoted to information management, approximately 20 percent is devoted to updating State Department technology. This includes funding for design and development of new systems, implementation of new systems or projects, and personnel devoted to the Department's continuing modernization efforts.

Planning for emerging technology is given a high priority within our information management organization. DOSTN will provide information services needed for the 1990's and beyond. We are modernizing our classified office automation programs to give our foreign service officers state-of-the-art tools to perform reporting and analysis functions. In short, we are looking at every aspect of our operations to see where automation or updating of technology can make the Department work more efficiently.

QUESTION: You are requesting $30.248 million for DOSTN in FY-91. What was State's original request to OMB? How would these additional funds been used?

ANSWER: DOSTN is a priority program for the Department to satisfy its goal to use new technology in communications and information management. As a result, the Office of Management and Budget (OMB) fully supports the DOSTN program. Due to close coordination between the Department and OMB, the original funding level of $30.248 million requested by the Department for DOSTN was incorporated into the President's FY-91 Budget.

QUESTION: DOSTN will cost an estimated $353.4 million over a six-year period. $135.8 million will come from specifically appropriated funds, the remaining $217.6 million will be obtained from redirection of regular planned communications expenditures. Could you provide some detail on how the regular planned communications expenditures would have been used for if they were not redirected to fund DOSTN.

ANSWER: The design concept for Department's present telecommunications system and DOSTN are very dissimilar. Currently, the Department relies on relatively low-speed, dedicated circuits with major switches in only Washington and Bonn to satisfy its telecommunications requirements. Without DOSTN and its inherent circuit sharing capabilities, the Department would have to continue to fund for and install more high-cost, low-speed circuits and packet-switches in many locations throughout the world to move its communications traffic. Additionally, were the Department unable to benefit from the international voice service economies of DOSTN, much more money would have to be spent for international direct distance dialing (DDD) tolls. Therefore, certain that the demand for communications services will continue to rise, the Department and OMB are concerned that the implementation of DOSTN will reduce otherwise planned communications expenditures and make it possible to satisfy State Department and other end users.

QUESTION: It has been brought to my attention that the Department of Commerce had requested from the Department of State that a commerce advisor be assigned as part of the Permanent Delegation to COCOM. However, the State Department turned down this request. In fact, the FY '90 bill included funds for this purpose. What is the status of this? When will the DOC representative be posted?

ANSWER: Under law and regulation, the Chief of Mission controls the size, composition, and mandate of mission staffing. An agency head may appeal a Chief of Mission's decision to the Secretary of State in his role as the President's senior foreign policy advisor. Other than that, the Department of State has no deciding role.

In March 1989 Commerce requested Chief of Mission approval to establish a Commerce advisor position on the U.S. delegation to COCOM at USOECD Paris. After discussions among the post, concerned State bureaus, and Commerce, Ambassador Lamb refused the request in January 1990, for the following reasons:

-- The U.S. COCOM delegation does an excellent job with present staffing. There is not enough work to justify the cost of an additional position.

-- A Paris-based officer would not reduce the need for TDYs by Washington delegates with technical expertise and current knowledge of Washington interagency views.

All concerned State offices supported Ambassador Lamb's reasons for doing so. Ambassador Curley separately rejected the suggestion that a Commerce COCOM advisor could assist on bilateral issues.

We informed Commerce in January of Ambassador Lamb's decision, and of the NSDD 38 appeals process. Commerce has not appealed the decision.

We recognize Congress' interest in this issue, including the inclusion of $150,000 in last fall's CJS Appropriations Bill report to support such a position, were it established. We would welcome the opportunity to discuss the issue further.

QUESTIONS SUBMITTED BY CONGRESSMAN ROGERS

QUESTION: How much of the Department's total request to the subcommittee requires additional authorization? How much of the Salaries and Expenses request requires additional authorization?

ANSWER: The Department of State has submitted a supplemental authorization request for 1991 which totals $862.5 million for appropriations accounts covered by the subcommittee. Of this amount $23.3 million is for Non-security Salaries and Expenses.

Personnel Studies

QUESTION: I understand Management is undertaking a review of the personnel system, with the goal of strengthening the 1980 Foreign Service Act. Can you provide some background on this effort?

ANSWER: In 1989, the State Department had the benefit of two able and complementary studies as it considered what changes should be made to its personnel system. The Foreign Service personnel system had operated without substantial revision since passage of the 1980 Foreign Service Act.

In the spring of 1989, Department management asked Ambassador L. Paul Bremer to undertake a study of the "Foreign Service Generalist" system. This report was completed in May, 1989. In June, it was followed by a more inclusive study of the "Foreign Service Personnel System" prepared by a commission headed by former Assistant Secretary of State for Administration, John M. Thomas.

Since that time, management has continued its review of possible measures that would strengthen its implementation of the 1980 Foreign Service Act. Its recommendations, which have been submitted to the American Foreign Service Association for discussion and negotiation as appropriate, draw upon these two studies, plus further discussions and analyses conducted in the past year.

QUESTION: Please describe the functional needs analysis currently underway and your decision to conduct such a study. Who is performing the study?

ANSWER: In September 1989 the Department of State entered into a contract with Metrica, Inc. of San Antonio, Texas, to conduct a Functional Needs Study. HumRRO of Alexandria, Virginia, is the major subcontractor.

The study, which will take approximately eighteen months to complete, is designed to provide data necessary for a reexamination of our manpower planning procedures, the cone system, promotion precepts, training requirements, position classification and assignment criteria. A key element is the collection of information about tasks currently performed in specific jobs held by mid-level and senior Foreign Service Officers in domestic and overseas assignments. These tasks will be related to the knowledge, skills, and abilities required to perform them well. Several studies, including the Congressionally-mandated Report of the Commission on the Foreign Service Personnel System and the 1989 Study of the Foreign Service Generalist Personalist System, recommended that the Department undertake such a review of workforce requirements and position classifications.

QUESTION: Are you examining the level and use of positions located in Washington, D.C and other domestic locations? Please describe this effort.

ANSWER: The Bureau of Personnel is currently developing a workload measurement program for the Department. As a first step in this process, a workload analysis of all requests for new positions is now being performed before they are approved. In addition, Bureaus are strongly encouraged to review their existing positions to identify those that can be used as offsets against new requirements. Once the program is fully implemented, it is expected that a regular cyclical review of all authorized positions will be conducted to ensure that the Department's positions structure is workload justified.

QUESTION: How many Foreign Service Officers are assigned to overseas posts and how many to domestic positions?

ANSWER: As of 1/1/90, a total of 2,762 Foreign Service Officers were assigned overseas, and a total of 1,657 were assigned domestically.

QUESTION: Mr. Selin, there have been numerous studies over the years dealing with Foreign Service personnel problems. Can you outline your long-term goals for improving the Service? What are your views with respect to the cone system, recruitment, and training?

ANSWER: Improvement in the cone system, recruitment, and training are each central to a more effective, more professional, and representative Foreign Service. In my speech to the American Foreign Service Association on November 28, I said that I believed the present cone system was too rigid. It had become "an institutional straitjacket limiting career development." Accordingly, we have decided to establish a fifth, multifunctional cone. That cone will be open to officers who have demonstrated skills both in the areas of policy analysis and of personnel and resource management.

In my AFSA speech I also said that recruitment was another important area of management reform. I said that "We don't recruit...we basically receive applications." We have to go out to the public and recruit more aggressively, more specifically; then we have to process the applications we receive much faster than the present 18 to 20 months. We have instituted measures that should enable us to process applications on the average in nine months or less. Finally, we have to devise a legally defensible method of screening would-be Foreign Service Officers. We are consulting with the Educational Testing Service and the Department of Justice in our effort to devise an exam -- to be given this fall -- that will not adversely affect any taker.

Training, too, is important. Foreign Service officers today must command a wider range of issues than ever before -- and foreign language skills are still at the heart of any definition of a "Foreign Service Officer." We propose to somewhat lengthen the mid-career period, and to require a two-year waiting period between promotions. More time will thus be made available for training; officers won't feel themselves disadvantaged by a training assignment. We are likewise proposing a language requirement for promotion to the Senior Foreign Service. We believe that these and other measures will increase the levels of training and professionalism in our Service.

Vacancies

QUESTION: What are the authorized position levels for Regular Operations and Diplomatic Security? How many vacancies exist in each?

ANSWER: As of February 28, 1990, there were 14,080 fulltime permanent positions authorized, excluding Diplomatic Security. Of those, 2,272 were vacant on the same date. In Diplomatic Security, of 1,241 fulltime permanent authorized positions, 225 were vacant as of February 28, 1990. Authorized fulltime permanent positions total 15,546.

QUESTION: What are the authorized position levels within the Foreign Service and Civil Service? How many vacancies exist in each?

ANSWER: The total number of fulltime permanent authorized Foreign Service positions is 7,856, of which 1,270 were vacant as of February 28, 1990. On the Civil Service side, total fulltime permanent positions are 5,193, of which 1,227 were vacant as of the same date.

Overseas Presence

QUESTION: Please describe any plans to evaluate U.S. government presence abroad. What types of assessments would this include?

ANSWER: We have developed a methodology for reviewing the staffing at overseas posts. This methodology is now being tested at some of our largest missions, and the initial results are very encouraging. Basically, what is involved is a comparison of the actual allocation of personnel resources against our goals and objectives for that mission. This is being done in a very thorough and objective way. The results of the study are provided to the Chief of Mission, who then uses them to make decisions on staffing under NSDD 38. This methodology is being further refined for use at other large missions, where the greatest savings can be effected. Subsequently we will conduct staffing reviews at our medium-sized and smaller embassies.

QUESTION: Mr. Selin, do you believe, in either the short or the long term, our overall presence overseas can be reduced, including that of State? If so, can you quantify the reduction?

ANSWER: Yes. I believe a reduction in overseas presence of five to ten percent should be possible over the next several years.

QUESTION: Should any restructuring of State's overseas presence involve post closings? Do you plan to identify posts which should be closed or significantly downsized?

ANSWER: The short answer is yes to both questions. As new political and economic situations, technological advances and other considerations require us to open new posts, we must periodically review our overseas post structure to make sure that we need everything we have. In many cases we should close posts because we simply need the resources they represent to help us operate in new locations. The United States has opened and closed hundreds of posts in our history as a nation, and there is no good reason why the overseas post structure we have today should be valid ten or twenty or a hundred years from now.

We are currently examining what posts may have to be closed as part of the effort to identify the resources required to open new ones. We will also factor staff reductions at other posts into this overall equation. The Department believes that both post closings and overseas staff reductions should not be excluded from the list of ways by which we can address the resource needs involved in meeting the challenges of a changing international environment.

QUESTION: As you know, post closings have been difficult to accomplish due to various interests. Can you suggest ways to accomplish such changes if deemed necessary?

ANSWER: The solution is relatively simple: let the Secretary of State have the flexibility he needs to manage the resources in the Department's budget according to his judgment of our foreign affairs priorities. The corollary to this suggestion is that the Congress should not pass legislation designed to tie the Secretary's hands in this regard by mandating the maintenance of specific overseas posts.

Special Embassy Program

QUESTION: Please describe the status of the Special Embassy Program, including the posts where implemented.

ANSWER: The Special Embassy Program (SEP) was planned in two phases. The first phase, which has just ended, was meant to institutionalize a new way of managing our smaller embassies, to develop new procedures, and to test workload reduction ideas. We are now entering the second phase. I have just informed chiefs of mission at SEP posts of a series of new measures that are being implemented. These include, among others, elimination or streamlining of many reports, the provision of labor-saving technology, the greater use of regional offices and larger neighboring embassies to support SEP posts, and special personnel procedures.

The following posts are included in the SEP: Bangui, Banjul, Bissau, Bujumbura, Cotonou, Djibouti, Kigali, Malabo, Maseru, Moroni, Port Louis, Praia, Victoria, Antigua, Curacao, Grenada, Martinique, Paramaribo, Apia, Bandar Seri Begawan, Honiara, Kolonia, Koror, Majuro, Port Moresby, Suva, Ulaanbaatar, Vientiane, Hamilton, Valletta, Vatican City, and Doha.

QUESTION: Is the program successful in reducing workload at the posts where implemented? Provide details if possible.

ANSWER: In the first phase of the program a number of reporting requirements were eliminated, procedures were instituted for reducing telegraphic traffic, communication systems were modernized, and controls on taskings of SEP posts by the Department and other agencies were instituted. In the next phase, described in answer to the preceding question, much more rigorous measures will be taken to reduce workload.

QUESTION: Has the program resulted in reassignment of personnel?

ANSWER: The objective during the initial phase of the SEP was to preclude any growth in personnel at posts in the program except under extraordinary circumstances. In the next phase there should be a reduction in positions at SEP posts. Since nothing like the SEP has been tried before, it is difficult at this point to predict the magnitude of the reduction.

Eastern European Presence

QUESTION: It is my understanding that the Department is reviewing the future demands of the U.S. presence in Eastern Europe. When will such a review be completed?

ANSWER: The Bureau of European and Canadian Affairs has established a task force to review the needs of our missions in Eastern Europe and identify resources to meet those needs. The task force has completed its initial review. Based on the results of the first phase of this process, the Department is transferring a number of positions to the Eastern European posts.

QUESTION: What effects or workload changes have you observed to date? What kinds of requests have you received from affected posts?

ANSWER: We have noted a significant increase in access to government officials and to many other levels of the formerly closed societies of Eastern Europe. There are greatly increased opportunities for political and economic reporting, and for commercial and cultural activities. The easing of travel restrictions has generated an increase in the consular workload. Posts have requested additional positions and funds to take advantage of these new opportunities and to satisfy new requirements.

QUESTION: Have any restructuring steps or reassignments occurred with respect to Eastern Europe?

ANSWER: Steps are being taken to transfer 32 American positions and 37 FSN positions from Western European posts to Eastern Europe. Additional positions which are needed to meet demonstrated and potential needs will be reassigned to the East as they become available.

QUESTION: It is my understanding that future staff and support increases in Eastern Europe will have to be accommodated within the existing ceilings and resources. Are all bureaus being targeted for such a reprogramming?

ANSWER: The senior management of the Department has determined that the the Bureau of European and Canadian affairs initially will reprogram what it can from lower priority requirements within its existing resources. If it is determined that additional resources will be required, positions and funds which the Bureau is unable to provide will be reprogrammed from other sources.

QUESTION: How many new positions and/or posts are currently expected to be needed in this region? Have any specific locations been chosen?

ANSWER: At the present time the Department of State is proceeding with plans to open consulates in Bratislava, Czechoslovakia; Leipzig, East Germany; and Kiev, USSR. Consideration also is being given to establishing additional small consulates in the USSR as decentralization of political and economic authority proceeds there.

Diplomatic Security Program

QUESTION: You are requesting $298,955,000 for the Diplomatic Security Program (excluding construction security). What do you expect to obligate in FY91 and at how many posts or projects? How does this compare with FY89 and FY90.

ANSWER: The Department plans to obligate the entire amount of $298,955,000 requested for the Diplomatic Security Program in FY91. This includes $10,753,000 for construction certification and $15,050,000 for other adjustments, primarily wage and price increases.

In FY91, we will provide security services at over 250 diplomatic posts worldwide with Regional Security Officers covering all primary and constituent posts. The Bureau of Diplomatic Security (DS) plans to provide maintenance of residential security programs at critical and high-threat posts, local guard funding for 243 posts, Marine Security Guard detachments at 141 posts, new fully armored vehicles at four posts, light armoring for replacement vehicles at all critical and high-threat posts, treated conference rooms at three posts, mobile training teams at 15 posts, emergency security support at up to 20 posts, and crisis management exercises at 30 posts. Other DS security activities include counterintelligence investigations, surveys and conferences; technical security maintenance for all posts; emergency radio support; worldwide efforts by the Diplomatic Courier Service; information and industrial security; information systems security evaluations; construction security certifications and shielding inspections. In addition, DS provides a wide range of domestic security services, such as background investigations, protection of foreign dignitaries, guard services and training. Ongoing security activities supported by other bureaus include the Foreign Service National replacement program and counterterrorism research and development.

In FY91, physical security public access control projects will be funded by the Office of Foreign Buildings Operations (FBO). The Bureau of Diplomatic Security will retain responsibility for establishing physical security standards; setting project priorities; and installing and maintaining technical security equipment in overseas buildings. FBO will also assume responsibility for construction security in FY91. However, DS will continue to certify that appropriate security measures are in place for FBO projects. DS will also continue to insert and remove security detection devices from containers carrying sensitive materials to FBO construction sites.

In FY90 the Department currently plans to obligate $307,038,000 (including $33,886,000 for construction security and construction certifications) for the diplomatic security program. In FY89 the Department obligated $299,835,000 (including $23,470,000 for construction security and construction certifications). Most activities for FY89 and FY90 are at levels comparable to FY91, with no major differences in programs.

In FY89 and FY90 many programs such as physical, residential and technical security have been reduced to a maintenance level. This is expected to continue in FY91.

Counterterrorism Research and Development (R&D)

QUESTION: You are requesting $3 million for the counterterrorism R&D program in FY 1991. Please describe how the program works.

ANSWER: The national Counterterrorism Research and Development Program (R&D) helps fill the gaps in existing CT research by focusing on areas of research which are not immediately applicable to or funded by any one agency. The program thus provides start-up money for projects critical to the overall US government effort but not generally financed by any one agency or program.

In 1985, the interagency group on terrorism (IG/T) assigned the State Department, which is the lead US agency for dealing with international terrorism, to supervise and coordinate the program on behalf of the US Government. An interagency group of scientists and terrorism specialists prepared an initial classified and priortized list of R&D projects needed to deal more effectively with terrorist incidents and the increasingly sophisticated explosives and weapons used by terrorists. The initial list included 74 proposed projects.

The interagency group meets regularly to bring the list up to date and adjust it to the changing tactics of terrorists and the budget limitations. US government organizations participate in the interagency process to decide which projects to fund. A typical project seeks improved ways to quickly detect chemical or biological agents used by terrorists or to identify hard-to-detect explosive devices such as those used to blow up Pan Am 103.

After a project is approved, to avoid duplicating the procurement and administrative mechanism, the Defense Department provides contracting support under the State Department's direction. The research is then subcontracted to a variety of organizations, including universities, corporations, private and government laboratories.

As the research progresses, projects are evaluated and it sometimes becomes more evident how the results can be adapted by specific agencies for their needs. An individual agency then assume full funding responsibility. In other cases, projects may move into the prototype stage for potential production and use by more than one organization. Several projects already have reached fruition, including the second generation sensing device for the new TNA machines designed to detect plastic explosives. When a project reaches fruition, the results are made available to interested agencies. In other cases, projects have been stretched out or shelved because budget constraints required a readjustment of priorities or the research no longer appeared promising.

Through the State Department's coordination of the national program, it also has become a focal point for encouraging international cooperation in counterterrorism R&D. The Department has organized bilateral meetings with several allied nations to exchange CT R&D information and coordinate our respective R&D efforts. This already has led to cooperation on several projects. In the wake of Pan Am 103, the national R&D program also has helped fund US participation in the joint effort with a dozen other nations to develop a chemical taggant to assist in detecting plastic explosives.

QUESTION: Please list the other agencies participating in this program and their respective level of resources requested.

ANSWER: About 25 US government agencies or elements take part in the interagency counterterrorism research and development (R&D) program. The primary agencies include the Food & Drug Administration; Environmental Protection Agency; Federal Aviation Administration; US Customs Service; US Secret Service; Federal Bureau of Investigation; Drug Enforcement Agency; Department of Energy; Department of Navy; Department of Army; Department of Air Force; Central Intelligence Agency; and Defense Intelligence Agency.

Others are: EG&G Corp, CA; Los Alamos National Laboratory, NM; Lawrence Livermore Laboratory, CA; Sandia National Laboratory, NM; Idaho National Engineering Laboratory, ID; Oak Ridge Laboratory, TN; Naval Research Laboratory, MD; Naval Civil Engineering Laboratory, CA; Naval Ocean Systems Center, HI; Air Force Electronics System Division, MA; Chemical Research Development Command, MD; Navy Explosives Ordinance Disposal Technical Center, MD.

The other agencies have their own R&D budgets which may include projects related to counter-terrorism. (Those agencies should be consulted directly on the amount of funds allocated for R&D with counterterrorism applications). However, participation by those agencies in the national program coordinated by the Department not only helps fill the gaps in existing research but also helps avoid duplication of efforts by the agencies involved.

These agencies also provide a varying amount of indirect financial support to the national CT R&D program although they do not provide a funding allocation directly into the national program per se. To seek and coordinate direct payments into the relatively small national program in advance would further complicate and delay the budget process by fragmenting it among a number of accounts and subcommittees. However the other agencies provide indirect support in some cases by absorbing the administrative overhead for projects they may help supervise or contract. Or, in order to help cope with the cutbacks in funding for the national program, some agencies have helped provide partial funding for specific projects of interests to them which were in danger of termination. In some cases, projects have been transitioned or "handed off" to a specific agency after work on the project reached a point where it was seen by the agency as directly applicable to its requirements. In these cases, the agency concerned would then assume full responsibility for subsequent funding of the R&D project. We would be pleased to provide you a briefing on the program and its accomplishments at your convenience.

QUESTION: Who performs the work in this program:

ANSWER: The State Department supervises and coordinates the National Counterterrorism R&D program. To avoid duplication of facilities and minimize administrative overhead, at the State

Department's request the program uses the Defense Department's existing contracting and administrative support offices. Thus the obligated funds are transferred to DOD which, at the State Department's direction, sends the funds to the following participating agencies:

Food & Drug Administration; Environmental Protection Agency; Federal Aviation Administration; US Customs Service; US Secret Service; Drug Enforcement Agency; Federal Bureau of Investigation; Department of Energy; Department of Navy; Department of Army; Department of Air Force; Central Intelligence Agency; and Defense Intelligence Agency.

These agencies in turn conduct or oversee the R&D for specific projects, utilizing their own facilities or subcontracting with a variety of laboratories, private companies and US government concerns to accomplish the work. A listing of facilities which have performed work in this program includes:

-- Private Companies: Bendix Corporation, MD; Nicolet Co. WI; Lee Scientific Co., UT; CACI Corp, VA; IRT Corp, CA; SRI Corp, CA; ACCSYS Technology Co, CA; ARL Corp, TX; Motorola Corp, AZ; GEOSTAR Corp, Wash DC; Public Safety Group, VA; Sparta Corp, VA.

-- Universities: Illinois Institute of Technology, IL; Engineering Computer Optecnomics-University of Michigan, MI; New Mexico Institute for Mining and Technology, NM.

-- Government Owned Contractor Operated Facilities: EG&G Corp, CA; Los Alamos National Laboratory, NM; Lawrence Livermore Laboratory, CA; Sandia National Laboratory, NM; Idaho National Engineering Laboratory, ID; Oak Ridge Laboratory, TN.

-- Government Laboratories: EPA Laboratory, Wash DC; FDA Laboratory, Wash DC; Naval Research Laboratory, MD; Naval Civil Engineering Laboratory, CA; Naval Ocean Systems Center, HI; Air Force Electronics System Division, MA; Chemical Research Development Command, MD; Navy Explosives Ordinance Disposal Technical Center, MD.

-- The program is proceeding on track. Some of the initial projects have already been completed or showed significant enough application that other agencies assumed responsibility. Finally, other projects are proceeding to final prototype development stages.

National Foreign Affairs Training Center

QUESTION: You are requesting $14 million to continue the Foreign Affairs Training Center, which will replace the facilities currently used by the Foreign Service Institute. This is the same amount planned by the Department for FY90, assuming repeal of Section 614.

Is the Department reviewing this proposed project? Are there specific plans for the project at this time?

ANSWER: The Department recently reviewed its plans to construct the National Foreign Affairs Training Center at Arlington Hall which will consolidate and integrate training programs of the Foreign Service Institute and the Bureau of Diplomatic Security. A comprehensive lease versus build analysis showed that construction of the Center was the most economical option. Therefore, the Department is continuing with its plans to construct this facility.

The design is approximately 90 percent complete, with the final design to be completed in May 1990. Demolition of existing structures on the site is ongoing and construction is scheduled to begin by the end of this year.

QUESTION: How much has been obligated on the Center to date?

ANSWER: The Department of State has obligated $34 million to the General Services Administration for design, site preparation and construction.

Passport Workload

QUESTION: Your budget justifications state that in FY91, domestic passport workload will increase from 3.7 million issuances in FY88 sic (should be FY89) to 4.5 million in FY91. Explain.

ANSWER: The passport volume for fiscal year 1990 is projected to be about 4 million. The projected 4.5 million passport volume is based upon an increase over the FY 1990 figure. Passport Services contracted with a firm to provide passport demand projections. The 4.5 figure is consistent with the firm's projections. While projecting demand is an inexact science, there are excellent guidelines including the broad trends of past workload, specific experience during the last several years, international value (and value trend) of the dollar, airline rate trends and short term inexpensive packages, public perception of trends and recent media play on airline safety and terrorism, and opening up of previously unavailable destinations (e.g. Eastern Europe). Passport Services is currently experiencing a 9.1% increase over FY 1989 reciepts.

FAAS

QUESTION: Given the Department's reversal of the FAAS expansion instituted for FY90, does this indicate opposition to the expansion concept in principle?

ANSWER: Our proposed reversal of FAAS expansion in 1991 should not be construed as a lessening of our commitment to more equitable inter-agency burden sharing. Rescission of FAAS expansion is proposed in order to restore funding stability to a Department infrastructure which provides critical support to all U.S. agencies operating overseas. Because USIA and AID are operating under congressional constraints which limit their 1990 FAAS reimbursements to the State Department, that infrastructure faces a potential funding shortfall of $35 million. We recognize that the limitation on USIA may not extend beyond 1990 but AID's reimbursement constraints will probably continue. Also, there is no guarantee against other agencies being similarly constrained in future years. Accordingly, given the critical nature of the Department's support infrastructure to our own substantive programs as well as those of other agencies overseas, we propose that the 1990 expansion of FAAS cost sharing be rescinded until all key Congressional committees agree on agency funding responsibilities.

Regional Administrative Management Centers

QUESTION: The justifications show an increase of 14 positions and $779,000 for the three Regional Administrative Management Centers, but there is no explanation for the increase. Why are the additional positions requested?

ANSWER: The positions in question do not represent an increase in staffing at the three Regional Administrative Management Centers. These positions are parts of a base restoration which the Department seeks to ensure continuation of consolidated administrative support services vital to the overseas programs of other agencies. In order to minimize the disruption to all U.S. foreign affairs programs, the Department proposes to reassure total funding of these support costs on behalf of all other agencies. In FY 1991 we seek restoration of the same amount and number of positions reduced from our budget in FY 1990.

Overseas Allowances

QUESTION: The Inspector General issued an audit report in January 1990 concerning excessive overseas allowance rates. The IG reported that $41 million could be saved by reducing the per diem rates used to levels consistent with the grade of accommodations and benefits to which overseas travelers are entitled. Please describe the Department's response to the audit.

ANSWER: The $41 million quoted in the OIG audit report was an estimate for the entire U.S. Government based on an assumption, from a sample of 48 major travel locations, that per diem allowances were inflated by 13.5%. With OIG's assistance, we immediately reduced allowance rates at 24 of these locations by significant amounts. In April 1989, all foreign service posts were advised of these initial IG findings and the requirement to substantiate all travel cost data submitted to the Department for use in setting maximum travel per diem allowance rates. We are also in the process of amending regulations to require written certification that all the allowance reports are accurate and complete.

In cooperation with the General Services Administration and the Department of Defense, we are working on a per diem allowance system (to be implemented later this year) based on actual lodging cost for foreign area travel. This payment system would limit reimbursements for employee lodging claims to actual expenses up to a maximum dollar level for each foreign city.

Overseas Allowances

QUESTION: Have you evaluated the savings the IG estimated in the report? Do you consider it accurate, inaccurate, conservative, overstated?

ANSWER: The Department establishes maximum travel per diem allowances for over 1,000 foreign localities. These allowance rates are used by all Federal civilian and military travelers. The IG audit examined 48 of the more important locations and, with their assistance, we immediately reduced allowances at 24 locations (including London, Paris and Tokyo) by significant amounts. The IG estimated that the annual cost savings to the U.S. Government of these reductions would amount to $3.35 million. We have no reason to question this estimate of savings to the U.S. Government. However, we must note that the much of the estimated cost savings for the 48 locations may have already been achieved by the substantial reductions implemented in the travel per diem allowances for important travel locations such as London, Paris and Tokyo. Travel per diem allowances are geared largely to hotel costs which continue to increase in most parts of the world. These rates are also significantly affected by currency exchange rate changes. The IG audit of allowances began in September 1988. As of that date, the world wide average per diem allowance was $102. As of March 1990, this world wide average has increased to $110.

QUESTION: Were any allowance savings assumed in formulation of the FY91 request? What level of savings could the Department achieve in FY91 from adjustment of overseas allowances?

ANSWER: No allowance savings were assumed in formulation of the FY91 request. As previously testified, the money requested by the Department for FY91 is a lean budget pared back to the minimum. This proposed budget fully considers across the board savings in almost every ongoing program of the Department. I am unable to provide specific dollar savings from reduced travel or other allowances. Some allowances are, of course, a function of salary for which we have included a moderate amount of increase for FY91. The costs of many allowances are driven by foreign currency fluctuations and inflation rates which are outside of our control. Other allowances, such as danger pay and post differentials, are based on foreign environmental and living conditions which can change markedly over time. I can assure you that our budget estimates are bare bones and our budget calculations will require the absorption of some allowance increases within the total requested appropriation.

QUESTIONS SUBMITTED BY CONGRESSMAN REGULA

Foreign Affairs Administrative Support System

QUESTION: The Department's budget request contains a base restoration in the Salaries and Expenses account of $67,618,000 and returns the Foreign Affairs Administrative Support System (FAAS) to its pre-1990 format. Has the Department accepted that it will bear the costs of other agencies or will a review be undertaken to find a more equitable cost-sharing arrangement?

ANSWER: The Department firmly supports the concept of equitable inter-agency burden sharing and, in principle, favors its extension wherever feasible. While we are essentially satisfied with FAAS as an equitable cost distribution mechanism, the proposal to roll-back FAAS to its pre-1990 format is aimed at restoring funding stability to a Department of State infrastructure which provides support critical to all U.S. programs overseas. Because of congressional constraints placed on the 1990 FAAS reimbursements from our two largest client agencies, AID and USIA, that infrastructure is threatened by a potential funding shortfall of $35 million. While the limitation on USIA may not be applicable in 1991, we believe AID's reimbursement constraints will continue and there is no guarantee that, in the future, other agency reimbursements may not be similarly constrained. We, therefore, propose to rescind expansion of FAAS cost sharing until all key Congressional committees agree on agency funding responsibilities.

QUESTION: The Conference Report for the FY90 bill contained the following language: "The conferees expect the Department of State to submit a report by February 1, 1990 to the House and Senate Appropriations Committees on the feasibility of including capital and security costs into the FAAS system. The conferees also expect the Department to examine the feasibility of a per capita cost-sharing program based on the number of other agency personnel stationed at State Department facilities overseas and to include its findings on this matter in the report."

What is the status of the report? Does the Department intend to complete the study?

ANSWER: We have prepared a progress report which should be submitted very soon. The report does not provide definitive recommendations for further cost-sharing, however, because we must further examine the complex issues involved and the potential need for enabling legislation. Moreover, cost sharing of our capital program will have a tremendous impact upon the budgeted resources and program operations of virtually all federal agencies overseas. That cost impact raises another issue which must be addressed in considering the feasibility of capital cost sharing, i.e., our inability to fully implement the expanded cost sharing planned for the current fiscal year. AID and USIA cite legislative constraints in refusing to reimburse the State Department for the full costs of services newly shared in 1990. If sustained, their refusal will generate a funding shortfall to the Department's support infrastructure estimated at $35 million. In these circumstances and despite our commitment to equity in burden sharing, development of a plan to share the capital costs of overseas properties must be deferred pending completion of our ongoing examination of the issue and agreement by key Congressional committees on agency funding responsibilities.

QUESTION: The FY90 budget requests $13 million for security projects at overseas facilities separately maintained by the Agency for International Development, the Department of Commerce and the U.S. Information Agency. What is meant by "separately maintained"? Does the Department also pick up the costs where the Department itself is not represented?

It is my understanding that one of the reasons for State carrying a larger burden of other agency expenses is that when several agencies are located at one facility, it makes sense for the larger agency to pay for most of the expenses. In fact, when resources are shared, it is contended that dividing up the costs is difficult. If this is so, what benefit does State receive from paying for security costs at facilities "separately maintained" by other agencies? What is this $13 million buying?

ANSWER: While the FY 1991 budget request is for $13 million for security projects at the Agency for International Development, the Department of Commerce, and the U.S. Information Agency, the Department of State requested $19.8 million for these activities in FY 1990. These projects are funded by the Acquisition and Maintenance of Buildings Abroad Appropriation. Separately maintained facilities are buildings which are not included in, or adjacent to, Department of State chanceries and are occupied solely by non-State agencies.

The Diplomatic Security Act of 1986 gave State lead responsibility for maintaining and funding security at all U.S. Government overseas facilities. The initial legislation authorized $2.1 billion for such purposes. Among those facilities which were identified as not meeting current security requirements by the Inman study, were many occupied by USIA and AID.

The FY 1991 request will be used for the following activities:

o Funds for AID will be used to complete construction of a new office building in Dakar, Senegal ($4 million).

o Funds for the Department of Commerce will be used for 10 physical site surveys at Department of Commerce facilities in such areas as: Abu Dhabi, Bagdhad, and Bangkok ($1 million).

o Funds for USIA will be used to relocate facilities in Cebu, Phillipines, Windhoek, Namibia and Taegu, South Korea and upgrades in such areas as Islamabad, Pakistan, Madrid, Spain and Ankara, Turkey. These upgrades include required security fencing, vehicle arrest systems, guardhouses and grills ($8 million).

Regional Bureaus and International Organizations

QUESTION: In the State Department's Authorization Act, a provision was included calling for a re-organization study. From a management point of view, what would be your opinion of putting the management of regional organizations such as the OAS under the jurisdiction of the regional bureau as opposed to the Bureau of International Organizations?

ANSWER: Essentially, the Department does manage relationships with regional organizations through the regional bureaus. For example, in the case cited, the Bureau of Inter-American Affairs is responsible for the policy and administrative support of our mission to the OAS. All guidance is given to the U.S. Mission to the OAS by the Bureau. Staffing decisions for Mission personnel are made with the Bureau's input and decisions on increasing or decreasing staffing of the Mission involve the Bureau. The budget presentations originate in the Bureau and decisions about the budget involve the key members of the Bureau and the Mission staff.

The role of the Bureau of International Organizations Affairs, on the other hand, is merely to prepare the Contributions Account. Contributions of the United States Government to international organization with which the USG has treaty obligations, (the United Nations, the Specialized Organizations of the U.N., NATO, OECD, GATT, various small international organizations, and the OAS) are all included in this account. The Bureau of International Organization Affairs relates to OAS only in developing the overall presentation, management, and execution of the accounts which fund U.S. assessed and voluntary contributions to the OAS and other international organizations. Formal division of central management responsibilities among the different bureaus responsible for policy guidance for all of the various international organizations would be difficult and would likely increase the staff needs of each area which received this responsibility. It is a budgetary, rather than a policy mechanism, for the convenience of those involved in developing, reviewing and approving the Department's appropriation.

Tuesday, March 13, 1990.

OFFICE OF THE INSPECTOR GENERAL

WITNESSES

SHERMAN M. FUNK, INSPECTOR GENERAL

KATHLEEN CHARLES, ASSISTANT INSPECTOR GENERAL FOR POLICY, PLANNING, AND MANAGEMENT

RUBEN TORRES, DEPUTY EXECUTIVE DIRECTOR

Mr. Smith. The next item that we will consider this afternoon is the FY 1991 budget request for the Office of the Inspector General of the Department of State. The request is for $23,301,000. This amount is an increase of $2,301,000 above the amounts appropriated for the Office for FY 1990.

We shall insert the justification materials submitted in support of this request into the record at this point.

[The justifications follow:]

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General, [$21,000,000] *$23,301,000. (Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Note.—Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State and the United States Information Agency may be obligated and expended at a rate not exceeding the rate available for fiscal year 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The following schedules assume the repeal of this provision.

OFFICE OF INSPECTOR GENERAL

FY 1991

SUMMARY STATEMENT
(dollars in thousands)

1989 Enacted*		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
257	$17,662	262	$20,753	262	$23,301	--	$2,548

* Funds and positions included in the Salaries and Expenses Appropriation are shown here for comparative purposes.

I. Summary

Prior to FY 1990, the Office of Inspector General (OIG) was included in the Department of State's Salaries and Expenses Account. The Inspector General Act of 1978, as amended in 1988, mandated that the activities of the Inspector General's office be autonomous for funding purposes from the Department of State's Salaries and Expenses Appropriation. The FY 1991 request is for funds and positions needed to provide policy direction, to conduct audits and inspections of the Department of State's domestic and overseas operations and to investigate criminal conduct and allegations of fraud, abuse and other misconduct. The Inspector General, as mandated by law since December 1987, also serves as Inspector General of the U.S. Arms Control and Disarmament Agency.

Included in the Department's FY 1990 appropriation bill (Public Law 101-162) for those accounts under the jurisdiction of the House and Senate Commerce, Justice and State Appropriations Subcommittees is a provision (Section 614 of the Commerce-Justice-State Appropriations Bill) that states that funds appropriated to the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The FY 1990 estimates used in this presentation assume the repeal of this provision.

The FY 1990 estimates also reflect the impact of FY 1990 sequestration pursuant to Public Law 99-177, The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Reaffirmation Act of 1987 (Public Law 100-119).

II. Current Programs

The IG pursues its basic goals of promoting improvement in State Department operations and stimulating positive change by examining and publicizing management's effectiveness and weaknesses, recommending improvements, identifying savings, detecting and preventing waste and fraud. Currently, inspection teams are scheduled to cover the Department's entire overseas operation of 258 embassies, consulates and missions every three or four years. Each quarter, approximately 16 inspections are conducted. Also included within

OFFICE OF INSPECTOR GENERAL

II. Current Programs (continued)

the inspections function is a Compliance Follow-up Review (CFR) team which follows up and monitors compliance in 30 percent of all inspections.

The Administration's strong emphasis on ethics, as evidenced by President Bush's meetings in January with senior government managers and with the statutory Inspector General, has given additional momentum to IG efforts. A more active awareness campaign is underway to provide publicity for the OIG hotline, management initiatives, and successful investigative activities. Participation by the IG and other senior OIG managers in briefings on government ethics and personal integrity has substantially contributed to this effort. The IG has responded with an investigative caseload that has more than tripled in the last 2 1/2 years; geared toward eliminating waste, fraud, and mismanagement and promoting personal integrity.

Audit work has focused on improving managerial effectiveness and accountability in domestic and overseas programs and operations. The Office of Audits issued 10 reports recommending significant corrective action in key operations ranging from telecommunications and data processing systems to construction projects and narcotics programs overseas. During the past year the OIG pursued savings and administrative improvements in the areas of overseas benefits and allowances, fraud prevention in consular affairs, acquisition of aviation spare parts, and maintenance of computers. The current work schedule includes major audits involving: overseas financial management; procurement and cashiering; narcotics programs; foreign service administrative personnel recruiting, training, and assignments; and refugee program management.

The Office of Security Oversight (OSO) audits and inspections have improved security programs administered by the Department and posts abroad. These reviews at 44 posts in 25 countries have caused the Department to focus on the following: developing consistent standards for various methods of protecting classified material; enhancing classified destruction procedures; relating security standards to threat levels, thus permitting more cost effective decisions for security improvements; developing restricted areas; emergency preparedness; and, developing clear contact and fraternization policies. These audits and inspections have strengthened security programs at posts abroad by identifying vulnerabilities and recommending the application of security standards.

The Office of Security Oversight examines how standards are developed, disseminated and applied. Comprehensive audits of local guard programs, counterintelligence training for Diplomatic Security officers, construction site security and development of the technical threat assessment were undertaken. OSO will inspect the security programs of all posts in the critical threat category by March 1990. It is anticipated that inspections of 44 posts in 25 countries will be completed during each year of operation; the goal is to inspect posts abroad on a four-year cycle. Additionally, during FY 1990, OSO will perform program review of the entire Bureau of Diplomatic Security and three security programs directed to protect people and facilities from terrorist

OFFICE OF INSPECTOR GENERAL

II. Current Programs (continued)

and criminal threats, to ensure that computerized information is adequately protected and to ensure that appropriate access restrictions are implemented.

In the last three Semi-Annual reports to Congress, the Office of Investigations reported a total of 20 indictments. The OIG will almost certainly surpass that number in the current six-month reporting period alone, having achieved 15 indictments in just the first three months. Many other cases are being pursued actively with the Department of Justice and foreign country prosecutors. In FY 1990, OIG investigators will continue to review and monitor allegations of embezzlement, fraud, malfeasance and illegal profiteering.

III. 1991 Plans

In FY 1991, the OIG will continue to focus on the performance of senior and mid-level managers to increase management's integrity and accountability. Inspection teams will concentrate on management's use of workplans, interagency coordination, quality of reporting, responsibility for internal controls, and prevention of waste, fraud, abuse, and mismanagement. In addition to the OIG's current and ongoing areas of review, other programs and activities will be selected for audits and inspections according to their significance to the promotion of major Department goals, magnitude in dollars, other resources, and areas of particular interest to the President, the Congress, the Secretary and Department Principals.

The Department's request for increased resources is comprised of mandatory wage and price increases of $1,608,000 and $940,000 for audit work supports the OIG's ongoing commitment to provide more coverage of programs and activities and to improve accountability and internal controls over Department resources. The increased funding will enable OIG to perform 75 additional contract financial audits in areas critical to operations. These areas include the use and control of financial resources and the establishment of an effective audit presence in closing out contracts and grants awarded by the Department. There are approximately 150 grant agreements, involving more than $200 million, awarded during fiscal years 1985 through 1988 that have not been closed out mostly for want of an audit.

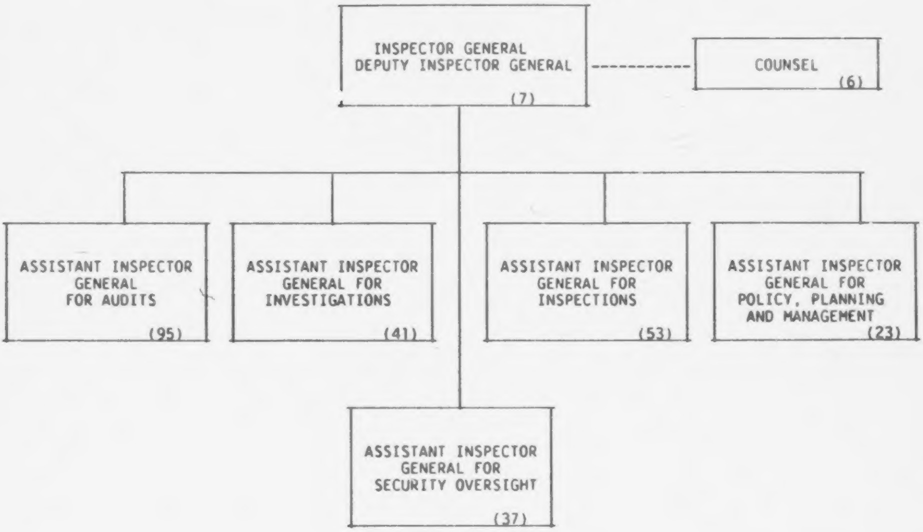
The Department has well over $1 billion in contracts awaiting closeout. Questioned costs have averaged over 15% in the few grant audits the OIG has been able to complete. This implies a recovery of funds in excess of audit costs. Audit resources currently available to the Department are not adequate to meet this need. The proposal to use public accounting firms to address this need will also provide added flexibility for the Department to respond more quickly to waste, fraud, and mismanagement issues than would the diversion of internal audit resources from ongoing assignments. Non-federal audit resources will also be used in critical follow-up work on recommendations previously made to ensure that commitments to correct identified deficiencies have been kept and corrective actions have been taken.

Office of Inspector General

FY 1991

Organization Chart

Total Domestic Positions: 262


INSPECTOR GENERAL
DEPUTY INSPECTOR GENERAL
(7)
COUNSEL
(6)
ASSISTANT INSPECTOR GENERAL FOR AUDITS
(95)
ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS
(41)
ASSISTANT INSPECTOR GENERAL FOR INSPECTIONS
(53)
ASSISTANT INSPECTOR GENERAL FOR POLICY, PLANNING AND MANAGEMENT
(23)
ASSISTANT INSPECTOR GENERAL FOR SECURITY OVERSIGHT
(37)

Office of Inspector General

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 * Enacted	1990 Estimate	1991 Program Changes	1991 Request
Office of The Inspector General				
Executive Direction and Policy Formulation..........	$359	$371	$6	$377
Inspections & Audits.............	16,683	19,713	2,530	22,243
Administration and Staff Activities................	620	669	12	681
GRAND TOTAL	17,662	20,753	2,548	23,301

POSITIONS

Program Activities	1989 * Enacted	1990 Estimate	1991 Program Changes	1991 Request
Office of The Inspector General				
Executive Direction and Policy Formulation..........	2	2	--	2
Inspections & Audits.............	248	253	--	253
Administration and Staff Activities................	7	7	--	7
GRAND TOTAL	257	262	--	262

* Funds and positions included in the Salaries and Expenses Appropriation are shown here for comparative purposes.

Office of Inspector General

SUMMARY OF CHANGE
(DOLLARS IN THOUSANDS)

	POSITIONS			FUNDS		
Program Activities	American Pos.	FSNs	Total	Bureau Managed	American Salaries	Total
1989 ENACTED *	257	--	257	$17,662	--	$17,662
1990 BASE......................	262	--	262	20,753	--	20,753
1990 ADJUSTMENTS...............	--	--	--	--	--	--
1990 ESTIMATE..................	262	--	262	20,753	--	20,753
1991 PROGRAM CHANGES						
Office of The Inspector General						
Executive Direction and Policy Formulation....	--	--	--	6	--	6
Inspections & Audits.......	--	--	--	2,530	--	2,530
Administration and Staff Activities..........	--	--	--	12	--	12
Sub-total Office of The Inspe General...........	--	--	--	2,548	--	2,548
TOTAL PROGRAM CHANGES........	--	--	--	2,548	--	2,548
1991 REQUEST...................	262	--	262	23,301	--	23,301

* Funds and positions included in the Salaries and Expenses Appropriation are shown here for comparative purposes.

Office of Inspector General

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 * Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
1100 PERSONNEL COMPENSATION	$9,772	$11,912	$777	$12,689	$777
1200 PERSONNEL BENEFITS....	1,850	1,948	132	2,080	132
2100 TRAVEL AND TRANSPORTATION OF PERSONS.............	3,115	3,566	642	4,208	642
2200 TRANSPORTATION OF THINGS..............	5	10	---	10	---
2300 RENTS, COMMUNICATIONS AND UTILITIES.......	310	390	7	397	7
2400 PRINTING AND REPRODUCTION........	80	120	2	122	2
2500 OTHER SERVICES........	1,221	1,407	964	2,371	964
2600 SUPPLIES AND MATERIALS	150	175	3	178	3
3100 PERSONAL PROPERTY.....	1,159	1,225	21	1,246	21
Total, Budget Unit	17,662	20,753	2,548	23,301	2,548

* Funds and positions included in the Salaries and Expenses Appropriation are shown here for comparative purposes.

OFFICE OF INSPECTOR GENERAL

FY 1991

JUSTIFICATION OF PROGRAM ACTIVITIES

(dollars in thousands)

Executive Direction and Policy Formulation

	Positions		Funds
	American	FSN	
1991 Request......................	2	--	$377

The Inspector General (IG), through the Executive Direction and Policy Formulation program, provides the overall direction and policy coordination for inspection, audit and investigation activities, both domestically and overseas, for the Department of State (DOS) and the U.S. Arms Control and Disarmament Agency. The FY 1991 request will provide funds to support the Inspector General in pursuing the broad mandate to combat waste, fraud and abuse and to foster the economy, efficiency, effectiveness, and security for Department of State programs.

A major policy initiative to improve the Department's management function is the re-establishment of the inspector's evaluation report on senior overseas mission and domestic bureau managers. The Inspector's Evaluation Report provides an independent assessment of the management and leadership skills of senior DOS officials; with the objective of monitoring efficiency, effectiveness and quality control within the Department's domestic and overseas management function. The Office of Inspections' compliance follow-up review team is charged with assessing the quality of completed inspections and ensuring compliance with inspection report recommendations. Policies and responsibility for broader quality control issues within OIG are being reviewed. Improved staff efficiency and effectiveness through training has also been a central concern for IG management.

Inspections and Audits

	Positions		Funds
	American	FSN	
1991 Request......................	253	--	$22,243

The Inspections and Audits program provides the program resources to pursue the IG's broad mandate to conduct program audits, criminal investigations, and inspections and special reviews of the Department of State's domestic and overseas operations. The Office of the Inspector General, through the Inspections and Audits activity, concentrates on those State Department programs and operations which have the greatest potential return on investment, in terms of savings, recoveries, criminal activity prevented, management improvements and cost avoidance.

The Office of Inspections assesses the implementation of U.S. foreign policy primarily through its inspection of overseas posts, domestic offices and bureaus on a cyclical basis. The Office of Investigations conducts inquiries into alleged or suspected criminal wrongdoing by State Department employees, contractors and recipients of financial assistance. Additionally, the Office of Inspections manages a hotline for employees who wish to disclose potential fraud, waste and abuse.

Inspection teams review the Department's 258 embassies, consulates and overseas missions every three or four years. The inspection function also includes a Compliance Follow-up Review (CFR) team which follows up and monitors compliance in 20 percent of all inspections.

During FY 1989, inspectors completed 51 reports assessing operations at 82 Foreign Service posts abroad and eighteen additional inspections are in progress or nearing completion. Compliance follow-up reviews have been performed at seventeen missions verifying compliance with previous inspection report recommendations. In the last year, the Office of Investigations has experienced a 48 percent increase in its pending caseload (186 to 275 cases). In the last three Semi-Annual Reports to Congress, the IG has reported a steady increase in investigations opened (80 to 106 to 127), representing a 59 percent increase in workload. More importantly, there has been a 37 percent increase (41 to 56 cases) in high priority cases involving allegations against Ambassadors and other high ranking Department officials which require immediate attention and significant staff hours.

In the last three Semi-Annual reports to Congress, the IG reported a total of 20 indictments resulting from investigations. The IG will almost certainly surpass that number in the current reporting period, having achieved 15 indictments within the first three months of the fiscal year; other cases are being actively pursued with the Department of Justice and foreign country prosecutors. In FY 1991 IG investigators will continue to review and monitor allegations of embezzlement, fraud, malfeasance and illegal profiteering.

The Office of Audits performs management audits of State Department programs and operations, and financial and compliance audits (external audits) of contracts, construction, and agreements. The Office of Security Oversight evaluates the formulation, dissemination and application of security standards set in Washington and their implementation at U.S. diplomatic posts.

OFFICE OF INSPECTOR GENERAL

Administrative Staff and Domestic Activity

	Positions		Funds
	American	FSN	
1991 Request......................	7	--	$681

The Administrative Staff and Domestic Activity Program provides funds for administrative, financial, personnel management support, and such related services as: information management; training; procurement; and, property management.

7611b

GENERAL STATEMENT

Mr. **SMITH**. Here to testify in support of the request is the Inspector General of the Department of State, Sherman Funk. Do you have a statement?

Mr. **FUNK**. I do. It is late in the day and with the permission of the Committee I would like to enter my statement for the record and just do a boiled down version.

To my left is my Assistant Inspector General for Policy, Planning and Management, Kathleen Charles, Ruben Torres, Deputy Executive Director, is behind us.

We are requesting $23.3 million for the Office of Inspector General and that represents the resources needed by us to conduct audits and inspections. Rather than go through the statement, I would like to touch on a few of the highlights that I believe will interest the Committee.

MAJOR PROBLEMS OF THE DEPARTMENT

I was rather riveted by some of the questions to Mr. Selin and his answers, because in virtually all cases, those were areas that we have addressed in one form or another during the past year. In my most recent semi-annual report to the Hill, I articulated seven areas representing the most significant weaknesses I thought should be brought to the attention of the Congress and to the department specifically.

My reason for doing that was, as Vice Chairman of the President's Council on Integrity and Efficiency, when the HUD story broke a year ago, I said that perhaps one of the reasons this did not get to the attention of the 64 committees on the Hill with oversight of HUD, why it didn't get to the attention of the media and OMB, was that perhaps the IG, even though he had pointed out the failings there, hadn't done so in a way that hit people squarely between the eyes.

I sugested to the Council that it is our responsibility as IGs to make sure that this never happens again, that we identify the major deficiencies in our departments clearly, simply, and unequivocably. I hope that few of them ever reach the degree of egregiousness of what happened at HUD. The debacle there was extraordinary, but I thought that even though problems in other Departments may be less important, we owed it to the Hill to be explicit about them in our reports, and I listed seven areas for the Department of State.

Most of these are things that were discussed in one way or another today. First, security of U.S. personnel, and security of information and facilities overseas, in terms of vulnerabilities and possible excess expenditures.

Second is visa and passport fraud, a significant problem to the department, and one that is growing. An American visa is one of the most valuable documents in the world today. My agents have been offered up to $30,000 for a visa. There is a case on record, I understand, where INS agents have been offered up to $50,000 for a visa.

Third is international narcotics control activities. We have done a lot of work in this area. I have had teams in Peru, Mexico, Thailand, Pakistan and Burma, and we did an inspection of the International Narcotics Bureau. International Narcotics Control is a very costly program, and I feel it is important that it be managed effectively, not just efficiently.

The fourth area, repair and maintenance of overseas property was discussed by Mr. Selin today, in response to a question. It is a tragedy. We have over 2,500 facilities overseas that are aging badly, that in some cases are decrepit. Ambassador Shirley Temple Black in Prague, is sitting there with buckets to catch the rain that comes through the ceiling. This is poor management by the department.

Major systems acquisition is the fifth major problem area. Mr. Selin mentioned some of the systems that we are buying, the new and long overdue back-up facility in Beltsville, DOSTN, and the Foreign Affairs Information System.

The Department of State is now becoming a major buying agency. It was a people agency in the past. We paid for travel and people, and the allowances and benefits that went with that. All of a sudden, we are entering the big time procurement area, something which is rather alien to the Department.

The sixth area covers the whole field of financial management, another thing that Mr. Selin mentioned. This is a matter of very great concern to us. Our financial management systems are not very good. They are expensive and it is important that we tie them together better, that we speak in a single voice both electronically and in terms of documentation. Our accounting systems are inadequate. As an example, we pay a lot of money to vendors because we don't pay our bills properly. The seventh major problem is weaknesses in the Foreign Service, weaknesses all along the line, in the way we recruit, the way we train, the way we assign, and the way we retire.

These are the seven areas that I regard as our main focus.

In addition, we have given attention to other areas mentioned today, such as the size of the overseas staffing and how can we best get a handle on that. So all those things we have devoted considerable resources to.

ACCOUNTABILITY

If I have any one goal in mind for the department, to which I have given considerable attention, it has to be the issue of accountability. That is not something that the Department of State has been comfortable with, partly because of the rotation built into the Foreign Service. If you go to a post and ask "why did this go on?," everybody points to the people who were there before them, and the people who will possibly come after them, because it is very difficult to pin accountability down when there is a change-over every one, two, or three years, depending on the location.

In Washington, many of the senior positions and middle positions are held by people who are in a rotational situation, so accountability has almost been an alien concept. I think you will be interested to know that, beginning a year ago in January, in each of our inspections—we inspect about 90 posts a year and four to six bureaus a year—we write a personnel evaluation called an Inspector's Evaluation Report on the ambassador, the deputy chief of mission, the principal officers of constituent posts, and in Washington, on every assistant secretary and deputy assistant secretary, whether they are career or non-career.

We forward the evaluations of political appointees to the White House through Mr. Eagleberger. Evaluations of those individuals who are in the career service are sent to the Director General, and they become part of their personnel files.

The reason we are doing that is to emphasize accountability. and also to let the senior people of the Department know who are our managers with failings and who are those that do, in fact, walk on water, from our standpoint. These represent a snapshot in time. They are not longitudinal evaluations but they are thoroughly checked out.

One of the reasons we did this was that John Whitehead, when he was Deputy Secretary, complained to me that when people came before his committee for selection as ambassadors or assistant secretaries he had relatively little information on their management abilities. There was lots of information on their political qualities, and their ability to represent and conduct diplomacy, but a candidate has to be able to manage a post as well as conduct foreign relations. There was apparently very little material. Now we have IERs and I think they serve a valid purpose.

DISCIPLINARY ACTIONS

Another thing I am doing, which some have not liked but the vast majority, the ones, who above all, want to see things run properly have greeted with pleasure, is disciplinary actions. I can't discipline anybody myself; I recommend disciplinary action to the Director General. Since I have been at the Department, we have had 131 disciplinary actions taken, involving individuals from assistant secretaries, and ambassadors, down to GS-2s.

In the two years I have been there, this has had a galvanizing effect throughout the department, sending a clear message that we are serious. In addition, on the criminal side, we have had 20 convictions, with sentences handed down worldwide. We also prosecute Foreign Service nationals, because I feel if somebody is feeding at the American trough and stealing from the American payroll, that person should be punished. It is expensive to bring them back here for trial, so we try to prosecute overseas, and we are getting excellent cooperation. This is something which comes as a pleasant surprise to me. I had not expected that.

RECOGNITION

So that is the second area where we are working to engender increased accountability. First, in the personnel area by actually rating people, and, second, by punishing people, either by my recommendation for disciplinary action or prosecution. When we find somebody doing a good job we say that, too. Most people in the IG business find it very difficult to praise. One reason is that auditors, for example, are viscerally ill at ease when it comes to giving praise to somebody because they figure "if I report favorably, somebody else four months from now will come by and tear that apart, and I will look silly."

We are trying to force the issue on that with auditors and with our inspectors. For example, we highlight the best posts of the year after carefully looking at those we have inspected, and the Secretary of State sends them a handsome letter and it is publicized widely in the department, and we find that salutary.

If we find something done well, we increasingly say so in our audit reports. So, with carrots and a stick, we are pursuing the goal of increased accountability.

We are also emphasizing candor in a department which is very masterful at circumlocution and not quite so quick on the draw when it comes to being candid. The Department sometimes finds it difficult to face up to problems. It has been a delight to work with Ivan Selin in this respect. He is quick on the draw, quick to praise and quick to find fault, and above all, he is quick to take action, and I find that a pleasure.

SUPPORT FROM MANAGEMENT

When I give a report to Mr. Selin, corrective action is instituted immediately. I can't go into detail because it is classified, but in the area of security oversight reviews, when we came back from, say, China, where we had found a number of what I regarded as very major deficiencies and we briefed him, he immediately went along with the proposed actions.

I also briefed the Secretary of State, Mr. Baker, and Mr. Eagleburger. After one of the security site reviews, we were told that the problems were very expensive to fix. When I gave the Secretary the report, he said, "Let's do it". One of the under secretaries said, "Boss, that is going to be very expensive", to which the Secretary responded, "We will do it," and money was taken from something else to do it. That is the kind of support that is worth anything, and we are getting it.

It is my job to present the facts. We are fact gatherers and in presenting those facts, we do so candidly. Sometimes people in the Department get a bit upset, because they think an IG is supposed to count beans and that is all, and that when we start questioning matters of effectiveness, that is beyond our turf. I don't believe Congress feels that way, because our mission is spelled out in the IG Act with some degree of detail.

There have been cases where we raised questions about effectiveness of policy. We get reactions that are sometimes rather pointed from senior people in the Department, but never from the Under Secretary for Management. That also helps instill a sense of accountability because now we are holding people responsible for their performance as well as for economy and efficiency.

FY 1990 FUNDING

I feel it would be grossly improper to pass up a chance to tell you about the Catch-22 I am in. You asked earlier about Section 614. Let me vent some spleen about that because I am caught in a bind. There is an irony here. When I was IG at Commerce, for three years running I went in for a separate appropriations account and, for three years running, my friends in OMB told me no, OMB does not want to proliferate appropriation accounts.

I found better cooperation in State than I had in Commerce. So last year, when I testified before you, Mr. Chairman, I mentioned that I had some hesitation about a separate appropriation account because I felt that would take away some of my flexibility, and that the Department had promised me that, if I were in a bind, they would help bail me out. With separate appropriation account that is not possible, so I was not too strongly in favor of it.

However, Congress mandated that. So now I do have a separate appropriation account. Then, section 614 came along, and as one fallout of that, I was forced to continue operations at my '89 base level. My '89 base level, which was set in '87, did not take into consideration the fact that I am now operating at 92 percent of my staff, versus about 60 percent then.

Second, it did not take into account my whole new area of operations in security oversight, with a whole new staff, and additional costs of $2.6 million. So I have a whole new office to handle, plus new staff and a new ball game, and I am forced to operate at the '89 base level, which means I have had to take a very large hit. Section 614 is hitting the Department about five percent; it is hitting me at 17 percent.

Mr. Smith. In personnel or what?

Mr. Funk. I can either cut people or other things. I went to enormous lengths to build up a qualified staff. I wasn't going to touch my staff unless it was a matter of total desperation. So I cut travel, training—and to the IG this is a bad thing because we are professionally obligated to maintain a certain level of training, by law, 80 hours per person every two years.

I have taken a $1.9 million hit in travel. I am able to fund only 42 percent of our planned fiscal year 1990 travel, meaning I have taken a reduction of 25 percent of overseas inspections, 50 percent of planned audits, 33 percent of follow-up reviews, 33 percent of security inspections, 50 percent of security compliance reviews, and 75 percent in security related audits. In the investigations area, we are only doing those cases where we have a trial or grand jury dates or other very major priorities, such as a particularly egregious felony, or misconduct involving a very high official.

This is coming at a very bad time for me, when my staff is facing a full workload. It has been catastrophic. The Department has said it is willing to bail me out, but I have a separate appropriations account. It would mean legislation to put that into effect. So it is a Catch-22.

The Congress never intended that, of course. Nobody intended it, and it comes at a time when I think I am not only carrying my weight, but a heck of a lot more than that, and making, I believe, a contribution of some substance to the way the Department is being managed.

That is my story, sir, and at that point, I rest my case.

[The prepared statement of Mr. Funk follows:]

STATEMENT OF THE INSPECTOR GENERAL
DEPARTMENT OF STATE
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE
COMMERCE, JUSTICE, AND STATE, THE JUDICIARY
AND RELATED AGENCIES

MARCH 13, 1990

Mr. Chairman and members of the Subcommittee

I am pleased to appear before you today in support of the President's FY 1991 budget request of $23.3 million for the Department of State Office of Inspector General (OIG).

This request represents the level of resources needed by the OIG to conduct audits, investigations, and inspections of the Department of State's world-wide operations and programs.

Two years after the establishment of OIG, we have attained nearly full staffing, with personnel in place or selected for 92 percent of our 262 authorized positions. Creation of the Office of Security Oversight (OSO) in January 1989 resulted in an increase of 23 positions, reflected above, to meet the inspection and audit demands of this new responsibility. The majority of these positions now have been filled by well-qualified security experts drawn from the Department's Bureau of Diplomatic Security as well as from other government agencies. The OSO staff was further augmented with highly qualified auditors transferred from the Office of Audits' former Security and Intelligence Division.

Our FY 1991 request includes a $940,000 increase to provide for the use of independent certified public accounting firms to supplement OIG staff in the conduct of financial and compliance audits and in critical follow-up work on previous audit recommendations to correct defined deficiencies. These funds would enable us to perform 75 additional contract financial audits in critical operational areas such as the use and control of financial resources and to protect the taxpayers' interest in closing out contracts and grants. In FY 1991, we will continue to focus on senior and mid-level manager's performance as a means of increasing management's accountability and integrity. Inspection teams will concentrate on the conduct of foreign policy; the quality of post management; the adequacy of internal controls; interagency coordination; and the prevention of waste, fraud, abuse, and mismanagement.

In addition to our current areas of review, other programs and activities will be selected for audits and inspections according to their significance to the promotion of major Departmental goals, their magnitude in dollars and other resources, and those areas of particular interest to the Congress and the President, the Secretary, and other Department principals. The Office of Security Oversight (OSO) will continue its inspection of all posts in the high-threat category, the management of the Bureau of Diplomatic Security, reviews of computer security programs, and the application of construction security standards. OSO will also continue its program of auditing high cost and critical security programs of the Department. The Office of Investigations will continue to investigate specific allegations, reports, or other information indicating possible violations of law or regulation.

Mr. Chairman, while I recognize that we are here to discuss OIG's FY 1991 budget request, I feel that you should be aware of our FY 1990 problem, and I seek your assistance in finding a solution.

During last year's budget hearings, I provided my views on separate appropriations for statutory Offices of Inspector General. I stated that there was something favorable to be said for the flexibility which a separate line item, as opposed to a separate appropriation, provides in the event of an unforeseen unprogrammed request. I felt that, under such circumstances, the Department would be able to 'bail out' the OIG by internally reprogramming funds. I felt that such flexibility would be lacking under a separate appropriations account. However, during FY 1990, our first year under a separate appropriation, we are experiencing a serious funding shortfall.

This situation arises from passage of Section 614 of the Commerce-Justice-State FY 1990 Appropriations legislation which essentially limits State and USIA funding to a rate not exceeding that available for FY 1989. As you know, following enactment of State's FY 1990/1991 authorization bill, legislative attempts to repeal Section 614 have been thwarted by the unavailability of offsets in the Federal budget, as required by the Balanced Budget Act.

While there is no doubt that Section 614 has had a detrimental impact on Department operations, it has had a disproportionately egregious impact on my office. We are currently operating under a 17 percent shortfall --more than three times the five percent shortfall of the Department-- from our minimum revised FY 1990 requirements. The establishment last year of OSO alone added $2.6 million and 23 positions to the bureau's FY 1990 requirements. Since relief does not appear imminent, I have had to drastically reduce my level of expenditures in order to guarantee funds to cover essential operations for the remainder of this fiscal year.

Under current limitations, I can fund only 42 percent of our estimated $3.5 million for FY 1990 travel. This translates to a reduction of 25 percent of planned overseas inspections, a reduction of 50 percent of planned audits, a reduction of 33 percent of planned compliance follow-up reviews, a reduction of 33 percent of planned security inspections, a reduction of 50 percent of planned security compliance follow-up reviews, a 75 percent reduction of travel for planned security related audits, and pursuit only of cases in the investigations inventory where trial and Federal Grand Jury dates have been scheduled in FY 1990 and of limited other high priority investigations.

The funding shortfall comes at a time when the full operation of the Office of Security Oversight staff has added significantly to our funding requirements and workload. The number of reports and recommendations issued by the OIG, including the OSO, has increased to such an extent that the burgeoning workload has placed more of a demand on compliance follow-up activities, both in tracking compliance with the recommendations and in analyzing the broader relevance of these recommendations to the Department's management and operations. I therefore have initiated a two-phase systemic analysis of recommendations issued by OIG offices.

Phase I of the study reviewed recommendations from twelve inspection and two audit reports issued during the first quarter of FY 1989. Phase II will review recommendations issued since July 1987. The purpose of the study is to analyze these recommendations for recurring problems indicative of common and systemic weaknesses as a basis for better focusing OIG and Department resources to deal with these problems. Additionally, Phase II will examine compliance with bureau recommendations to identify areas where OIG's efforts consistently meet with noncompliance.

The Office of Investigations has finally reached a staffing level that enables us to aggressively pursue criminal investigations. Both the size and significance of our investigative caseload have increased, and the trend toward increased judicial actions is expected to continue, as is the dramatic increase in the number of administrative actions resulting from OIG recommendations. For example, the Office of Investigations has experienced a dramatic increase in passport and visa fraud investigations, some of which have been conducted jointly with the Department's Bureau of Diplomatic Security. The combined efforts of these two organizations, and particularly the steadfast support of regional security officers at U.S. missions abroad, have had significant results: three Guyanese nationals were arrested after an investigation determined that they were directly involved in selling U.S. visas to individuals who otherwise were not eligible; 21 Israeli citizens were arrested for their involvement in a network which sold non-immigrant visas at prices ranging from $1,000 to $5,000 to individuals who were ineligible and, in some cases, who had been rejected previously for such visas; and, in Bangkok, Thailand, investigators uncovered a highly organized network of foreign service national employees who recruited visa clients for a fee and operated their visa franchise freely within the confines of the consulate. Visa fraud cases are not the only type of cases handled by the Office of Investigations. Overseas embezzlements and thefts, fraud against the U.S. Government, employees crimes and employees misconduct cases are routinely handled by the Office.

Audit work has focused on improving managerial effectiveness and accountability in domestic and overseas programs and operations. The Office of Audits issued 10 reports recommending significant corrective action in key operations ranging from telecommunications and data processing systems to construction projects and narcotics programs overseas. During the past year, we pursued savings and administrative improvements in the areas of overseas benefits and allowances, fraud prevention in consular affairs, acquisition of aviation spare parts, and maintenance of computers. The current work schedule includes the following major audits: overseas financial management; procurement and cashiering; narcotics control programs; foreign service administrative personnel recruiting, training, and assignments; and, refugee program management. We are gratified by the great interest the Congress has shown in many of these reports.

To strengthen security programs, the Office of Security Oversight conducted reviews at 44 posts in 25 countries, identifying security vulnerabilities and making recommendations to improve our security posture. The reviews and recommendations have focused on: ensuring that security measures are consistent with threat assessments; enhancing post personnel awareness of security practices; upgrading the physical security of facilities; updating emergency preparedness plans; and strengthening technical security countermeasures.

The Office of Inspections reviews the Department's 258 embassies, consulates and overseas missions every three or four years. The inspection function also includes a Compliance Follow-up Review team which monitors compliance. During FY 1989, inspectors completed 51 reports which assessed operations at 82 posts abroad. Eighteen additional inspections are in progress or nearing completion. Compliance follow-up reviews have been performed at seventeen missions to verify compliance with previous inspection report recommendations. Four posts were commended for outstanding leadership and management.

Our focus will remain on important program and policy areas where the Department's performance needs to be improved. I highlighted these in my last semiannual report to the Congress:

- Security of U.S. personnel , information, and facilities overseas;
- Visa and passport fraud;
- International narcotics control activities;
- Repair and maintenance of overseas real property;
- Major systems acquisitions;
- Inadequate financial management and accounting systems; and,
- Weaknesses in the Foreign Service personnel system.

Thank you Mr. Chairman. I would be happy to address any questions which you or the other members of the committee might have regarding our budget request.

POST INSPECTIONS

Mr. **Smith**. How many posts do you visit a year?

Mr. **Funk**. In total?

Mr. **Smith**. Yes.

Mr. **Funk**. About 80 to 90 a year for inspections. Counting audits, security reviews, and investigations, a minimum every year of 140 ʻo 150. Probably more than that.

Mr. **Smith**. So would an ambassador that serves three years, would he for sure have an inspection——

Mr. **Funk**. The reason we set a three year target, although the law only requires every five years, is that if we do each post once every three years, we are going to hit every ambassador once and most of the people on the post at least once. It is amazing how many people I speak to who have been inspected. I meet personally with all the ambassadors before they go to post. I spend a lot of time talking to them.

Mr. **Smith**. To what extent have you been able to look into some of these building projects?

Mr. **Funk**. We have looked at quite a few. We have done several phases of a major series of audits of Foreign Building Operations. We started off by looking at the way it was managed in Washington. Then we sent a team to visit six sites that were under construction, such as those in San Jose, Muscat, and Cairo. We reported on that, and we have follow-up work scheduled this year to look at additional sites.

SITE COSTS

Mr. **Smith**. One thing that has always kind of seemed strange to me is that some of these countries where they don't have private ownership of lands—in other words, the government owns the lands—they seem to want to sell it whenever we build a building, and at a very high price. Do they treat other countries that same way?

Mr. **Funk**. Well, of course, Uncle Sam is regarded as a rich father figure with a dollar sign. I really can't answer that honestly. I don't know the answer. I know that we have a lot of property around the world which is not being effectively used now. I am sure that some people in the Department look on this as a [mother lode] and would love to sell it and ease our cash flow problems. I am not sure that would be a satisfactory way out of it, but it would give us some cash.

At our compound in Tokyo for example, I suspect there is a minimum of a few billion dollars worth of property. We haven't had an appraisal of the property. Congressman Brooks is always pushing against a financial statement——

Mr. **Smith**. That is what I am getting at here. In one country they wanted to sell us a piece of property which was in a rather undesirable area. If we had built our embassy there, then others would come. They ought to be paying us to build there, but they wanted a big price for the land. This was a few years ago. The Subcommittee on the spot said this doesn't make any sense at all.

Have you looked into this aspect?

Mr. Funk. Our inspection teams do, when they hit a post. For example, the situation right now in Bangkok, which is a post growing by some substance, is that and a lot of people are waiting in line to get in there as soon as they can because it is centrally located, but there is a lot of property disadvantageously located.

Mr. Smith. I am talking about where we don't have property.

Mr. Funk. I haven't looked at that specifically.

Mr. Smith. In places like Bangkok we can do very well—this Subcommittee told Egypt not to ever occupy that ambassador's residence. It should never have been built in the first place, and we ended up getting more money out of it than it cost us. It was a good thing not to ever occupy it.

Mr. Funk. Cairo is not one of our shining examples of management, sir. That was a disaster. But I think we are doing the job better now. There has been a lot of improvement.

Mr. Smith. Getting right down to the nitty-gritty, I want to ask you this—I have a feeling that it is somewhat a matter of people, and input into the location of the property, who are different than the ones negotiating a price, and then another group deciding whether or not that has got a high priority in the world. I wonder if that is too fragmented?

Mr. Funk. For the first time now, we have a single point in terms of the accountability for that. Ambassador Nick Salgo is in charge of our acquisitions, so we have a professional. Believe me, I have seen him in operation. He is a very tough negotiator.

Mr. Smith. He is doing a good job negotiating in Moscow, but does he have time to negotiate all over the world?

Mr. Funk. Moscow is not a full time job. I was with him last Friday in New York to look at housing. I asked him to accompany me and we went with the team to look at about 20 apartments, including a possible replacement for the Waldorf, where the principal representative resides.

Mr. Smith. We have been talking about that for 20 years. Are we going to do that?

Mr. Funk. Not to buy, we can't afford it. We are paying $266,000 a year for the Waldorf. Any major buy certainly is going to go through Mr. Salgo's hands.

Mr. Smith. Then the ambassador who happens to be there at the time will have a lot to say about what kind of a building we are going to have, and he is not even going to be there when it is occupied.

Mr. Funk. One of the situations which former Secretary Shultz told me about was when an ambassador took a look at the building when it was half finished. This ambassador would say, I want those trees moved another place. He wanted bathrooms pointed this way instead of that way. So that everything came to a screaming halt until modifications were made, and that was very expensive.

That doesn't go on any more. I think there has been a sharp, sharp increase in accountability there.

Mr. Smith. Mr. Rogers.

Mr. Rogers. Have you done any analysis of the new embassy building in Moscow?

Mr. Funk. Of the current building, you mean?

Mr. Rogers. The new one.

Mr. **Funk**. You mean the proposal for the new one, the NOB?

Mr. **Rogers**. Yes.

Mr. **Funk**. Yes sir. I have been there four times. We have just completed the most extensive security review ever conducted of the entire post. I read the 235-page report this weekend, and it is being issued shortly. It is classified, but the committee can review a copy, of course, if they want. It is a magnificent piece of work, if I do say so myself.

Mr. **Rogers**. We are trying to decide, as everyone else is, what to do about the building over there. Maybe we need to go into a closed hearing.

Mr. **Funk**. I would be reluctant to discuss this in an open hearing. One of my charters is not to look at the feasibility of the NOB. I have communicated our views to the Department, but really it is not propeı to go into it in an open session.

Mr. **Rogers**. Maybe we can do that later.

FOREIGN COMMERCIAL ACTIVITIES UPDATED

You issued a report last July highly critical of the Commercial Services, export promotion—a very disturbing report to me. It stated the program is plagued by the perception that the export promotion suffered from poor coordination with the Commerce Department, suffered from an ill defined role, lack of adequate oversight in training in export promotion. None of this surprises me, or other members of the subcommittee, on our inspection tours we find because that the commerce attaches at many of our embassies feel like they are errand boys for the economic ministers of the State Department, and State doesn't care whether or not we sell, as long as we don't ruffle any feathers.

Has anything changed, in your view, since your report in July?

Mr. **Funk**. I think so. Since then the Secretary has issued a couple of strong statements. Mr. Eagleburger, when he spoke to a meeting of businessmen here in Washington, made a statement which I thought was right on point. I forget the exact words, but he said something about the fact that the economic health of the United States and the ability to sell competitively in the world markets is going to be perhaps the most important single part of our national security in the years ahead, and I think that is true.

Mr. **Rogers**. Does the department do well in that?

Mr. **Funk**. No, we have not. Not as well as we should, partly for the very reasons that the FCS was cast in a role that this is outside the mystique of the Foreign Service. It is commercial. In the old days there were two separate services and the heritage of that remains. We appoint our econ people to do the trade work in those places where we have no FCS officer.

In roughly 84 countries, we have no FCS presence. The State Department is in sole charge of commercial relations. Most of these are small countries, but not small potatoes—$7 billion—equating to 175,000 jobs. So that is not to be ignored. Of course, the bigger dollars and the bigger budget of trade is in the Foreign Commercial Service countries. But even in those, we have many constituent posts in the country where we have no FCS officer, where a State Department officer is filling that role.

Most ambassadors—I do not exclude career ambassadors—are acutely aware of the importance of trade. I suspect this was not the case ten years ago. It is now. Whether that acute awareness filters down to their staff is a mixed bag. Not always.

It is beginning to change. One reason is that the State Department has always complained bitterly about the lack of a constituency on the Hill. They say we have no constituency, nobody listens to us, and therefore we have no effect. With commercial trade being so important, I think many of our people are becoming aware that if we are going to get a fair hearing on everything else, trade is a big piece of it. So, for sheer pragmatic reasons, if nothing else, they are becoming used to it.

That is not the same thing as being a commercial representative. The FCS is greasing the skids for firms and connecting them with appropriate contacts. Our people can do that, too. I was IG at Commerce and did many reviews of the Foreign Commercial Service. That helps me here because I know what they should be doing on the commercial end.

The big problem is here in Washington, not in the field. State and Commerce don't really work tightly enough together. That has been the problem, I think, all along. In the beginning there was a strong rivalry. When I issued my report I was astonished at the reaction of some people in Commerce who thought this was the first round by State to take back the Foreign Commercial Service, and we had to convince the Department of Commerce that this was not the case. So there are turf problems.

Rarely do you have cases where people stumble over one another in the field. Ambassadors are aware that a good part of their time should be spent in marketing in the countries. Many political ambassadors come out of the business environment themselves. They are good at this.

My fear is they will go too far that way. That hasn't happened yet, not currently. The problem is one of in Washington essentially, not in the field. Where it does occur in the field, it is generally a problem that could be solved by training. After our report, the Foreign Service Institute began working with the Department of Commerce for the first time, in getting a good, solid training program for prospective commercial officers, for people who now hold the job, and those who are coming back for additional training.

Are we out of the woods? By no means, but we are getting there.

I am sorry I was so long winded but it is not an easy answer.

Mr. ROGERS. I understand, and I appreciate the answer.

That is all I have.

Mr. SMITH. Thank you for appearing before us today, Mr. Funk.

[The following questions were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

Request to OMB

QUESTION: What was the request to OMB, what items were eliminated by OMB, and what will be the impact of those reductions on your activities in FY 1991?

ANSWER: Our FY 1991 request to OMB totalled $22,901,000. No items were eliminated by OMB. OMB increased by $400,000 the amount we requested for wage and price increases to allow for 50% of the cost of the senior pay increase.

Effect of Section 614

QUESTION: In your statement you indicated the serious impact that Section 614 is having on your operations. Why is the impact so much greater for your office?

ANSWER: The FY 1989 funding level, under which we must operate, does not include the Congressionally approved Y 1989 reprogramming establishing the Office of Security Oversight (OSO) within OIG. The establishment of OSO alone added $2.6 million and 23 positions to OIG's FY 1990 requirements. In addition the FY 1989 funding level does not reflect accurately the authorized staffing levels achieved in OIG which were included in the FY 1990 budget. During the last year, OIG's staffing level increased from 64 percent to the current 92 percent level. The FY 1990 appropriation level would have fully funded OIG operations (including OSO) during the first year with a separate appropriation.

QUESTION: Have you reached a point where you cannot carry out your statutory responsibilities as a result of the lower funding level?

ANSWER: During FY 1990, our ability to adhere to our 1990 Annual Plan has been severely affected. Specifically, the lower funding level has affected all aspects of OIG operations to the extent that we have had to curtail planned audits, inspections and investigations. Under current limitations, we can fund only 42 percent of our estimated $3.5 million for FY 1990 travel. This translates to a reduction of 25 percent of planned overseas inspections, a reduction of 50 percent of planned audits and audits fieldwork, a reduction of 33 percent of planned compliance follow-up reviews, a reduction of 33 percent of planned security inspections, a reduction of 50 percent of planned security compliance follow-up reviews, a 75 percent reduction of travel for planned security related audits, and pursuit only of cases in the investigations inventory where trial and Federal Grand Jury dates have been scheduled in FY 1990 and of limited other high priority investigations. Unless we are able to receive some relief in the near future, we may not be able to carry out our statutory responsibilities as a result of the lower funding level.

QUESTION: In light of the difficulties that you have had this year under Section 614, would you recommend that your needs be provided for in the regular Salaries and Expenses appropriation for the Department for FY 1991?

ANSWER: Section 614 also created funding difficulties for the Department of State. We were not unique, but we were hit harder than the rest of the Department by approximately a multiple of three. The impact of Section 614 on OIG was approximately 17 percent, while the shortfall for the Department was approximately five percent. If we had been included in the Department's Salaries and Expenses appropriation, our funding shortfall would presumably have been less than the current 17 percent. FY 1990 was a transition year for the OIG. While we assumed additional functions and responsibilities and zealously pursued our efforts to staff to our authorized level, the funds to cover associated costs were not included in our FY 1989 operating level, the level mandated for the OIG by Section 614. The fact that we are not included in the Department's Salaries and Expenses appropriation is not the issue. Our problems are related to the limitations in Section 614. While our funding shortfall in FY 1990 has clearly illustrated the downside of a separate appropriation account, we do not want to forego a separate appropriation account in FY 1991.

QUESTION: If Section 614 continues for the whole year, what will be the impact for your office?

ANSWER: The operational measures which we have taken to date are based on preliminary expenditure projections, and as you can see from the figures I cited previously, the impact is devastating. Quite frankly, we were hopeful that relief would be available no later than the end of the second quarter of this fiscal year. We are now reevaluating our funding situation. I fear that we will have to take additional reductions in travel which translates to even further curtailment of audits, inspections, and investigations.

Travel Expenditures

QUESTION: In January 1990, you issued a report criticizing the Department's control over the setting of overseas per diem rates. The report estimated that the Government could save over $41,000,000 annually by improving the per diem rate setting process. What action has the Department taken in response to this report?

ANSWER: As a result of the audit, the Department (Allowances Staff) cut foreign travel per diem rates at 24 of 48 locations and planned to obtain and review more data to determine if additional adjustments were needed. The Department also took action to improve its internal controls over the rate setting prices. The reduced rates translate into an annual cost avoidance for the U.S. Government of an estimated $3.35 million. This represents about 13.5 percent of the estimated annual per diem cost (24.8 million) of Federal travel to the 48 locations in our sample. Assuming that the rates set by the Department are inflated by the same percentage for the locations not included in our sample, we estimate the overall annual cost impact to the U.S Government could be as much as $41.2 million (.135 x $305.4 million (estimated foreign travel per diem cost for the entire U.S. Government)). Total savings will be even greater due to reduced per diem payments to U.S. Government contractors.

QUESTION: Should the Committee reduce the Department's FY 1991 budget or other agencies' budget requests to reflect these savings?

ANSWER: There is an opportunity to reduce budget requests to achieve at least some of these potential savings. However, we need to stress to the Committee that our percentage is based upon estimates. We also need to inform the Committee that the Department or other agencies' budgets may be based on new travel requirements or budget estimates based on prior year expenditures which may already reflect the lower per diem rates.

QUESTIONS SUBMITTED BY CONGRESSMAN REGULA

Compliance Follow Up

QUESTION: After OIG issues a report, does the office monitor implementation of its recommendations? What is the procedure for follow-ups?

ANSWER: The Office of Inspector General is responsible for monitoring implementation of all formal and operational recommendations. The four functional areas of OIG - Inspections, Audits, Security Oversight, and Investigations - analyze Department responses to recommendations to determine the status of the recommendations (i.e. management decision, no management decision, or final action). The status of recommendations is tracked centrally by the Policy, Planning and Management Office of OIG for semiannual reporting purposes. A report is not considered closed until all formal and operational recommendations have been resolved. Overdue or inappropriate responses by the Department are identified by OIG and followed up on until resolution or impasse. In addition, Compliance Follow-up Reviews are conducted at 30 percent of inspected posts, 6-12 months after the original inspection.

FAAS

QUESTION: Has or will OIG examine the FAAS system?

ANSWER: The Office of Audits has just completed the overseas fieldwork on an audit of the Foreign Affairs Administrative Support (FAAS) system. The purpose of the audit is to evaluate the financial management aspects of FAAS operations and review the changes being made to bring the Department into compliance with the full costing mandate of P.L. 100-204, the Foreign Relations Authorization Act, Fiscal years 1988 and 1989. The objectives of the audit are to:

A. determine compliance with the Congressional mandate to implement a full costing system for FAAS;
B. assess the reliability, accuracy and completeness of the systems used by posts to capture and distribute direct and indirect FAAS charges ;
C. identify and evaluate the systems' internal controls; and,
D. review the management of FAAS.

The Office of Inspector General will issue an audit report in several months.

U.S. Mission to the Organization of American States

QUESTION: A comprehensive inspection was planned for the summer of 1989 of the U.S. Mission to the Organization of American States. Was the inspection done and if so, what were the results?

ANSWER: An inspection of the U.S. Mission to the OAS was tentatively planned for the summer of 1989, but sufficient staff was not available to conduct the inspection at that time. We have rescheduled the inspection for FY 91 in conjunction with inspection of the Bureau of Inter-American Affairs (ARA).

TUESDAY, MARCH 20, 1990.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD AND PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

WITNESSES

IVAN SELIN, UNDER SECRETARY FOR MANAGEMENT

ARTHUR W. FORT, ASSISTANT SECRETARY FOR ADMINISTRATION

CARL CHRISTENSON, DIRECTOR, MOSCOW EMBASSY BUILDINGS CONTROL OFFICE

RICHARD N. DERTADIAN, DEPUTY ASSISTANT SECRETARY FOR FOREIGN BUILDINGS

Mr. SMITH. This morning we shall consider the budget request for the Acquisition and Maintenance of Buildings Abroad. The request is for $317,775,000, which is a reduction of $30,325,000 from the amount appropriated in 1990. In addition, there is a proposal for later transmittal of $270 million for the Moscow Embassy. We will print the budget justifications at this point in the record.

[The justification follows:]

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

For necessary expenses for carrying out the Foreign Service Buildings Act of 1926, as amended (22 U.S.C. 292-300), and the Diplomatic Security Construction Program as authorized by title IV of the Omnibus Diplomatic Security and Antiterrorism Act of 1986 (22 U.S.C. 4851), [$348,100,000] *$317,775,000*, to remain available until expended as authorized by 22 U.S.C. 2696(c)[: *Provided*, That none of the funds appropriated in this paragraph shall be available for acquisition of furniture and furnishings and generators for other departments and agencies]. *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Note.—Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State and the United States Information Agency may be obligated and expended at a rate not exceeding the rate available for fiscal year 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The following schedules assume the repeal of this provision.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

SUMMARY STATEMENT

(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
298	$240,021	298	$293,465	298	$317,775	--	$24,310

I. Summary

The Office of Foreign Buildings Operations (A/FBO) programs are authorized by the Foreign Services Building Act of 1926, as amended, and are funded under the Acquisition and Maintenance of Buildings Abroad account which is a no-year appropriation. These appropriations are authorized under the Department's Biennial authorizations for A/FBO ongoing programs as well as under a permanent authorization for construction of facilities under the Omnibus Diplomatic Security and Antiterrorism Act of 1986, Public Law 99-399. The program is administered under the direction of the Deputy Assistant Secretary for Foreign Buildings through delegation of authority from the Secretary of State.

The overall mission of A/FBO is to provide policy direction and management of the Department's overseas facilities. When necessary to support the Department program initiatives, A/FBO acquires properties in foreign countries by purchase, lease, exchange, or construction.

To accomplish this mission, A/FBO has the following general responsibilities:

- -- Initiates and develops long-range programs, determines worldwide priorities, and decides on the design, construction, acquisition, and sales of real properties and the use of proceeds of sale to support its programs;
- -- Provides direction and guidance on overseas building matters to regional bureaus and other foreign affairs agencies;
- -- Establishes standards and policies for all overseas government owned and leased properties;
- -- Maintains statistical, financial, and visual records of overseas properties;
- -- Serves as the Department of State repository for official deeds, surveys, and other documents for U.S. Government owned and leased properties;

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

I. Summary (continued)

-- Provides for the interior design and furnishing of representational space in embassies, consulates, and official residences of principal officers; and

-- Provides for the security of facilities under construction or renovation.

Included in the Department's FY 1990 appropriation bill (Public Law 101-162) for those accounts under the jurisdiction of the House and Senate Commerce, Justice and State Appropriations Subcommittees is a provision (Section 614 of the Commerce-Justice-State Appropriations Bill) that states that funds appropriated to the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The FY 1990 estimates used in this presentation assume the repeal of this provision.

The FY 1990 estimates also reflect the impact of FY 1990 sequestration pursuant to Public Law 99-177, The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Reaffirmation Act of 1987 (Public Law 100-119).

II. Current Programs

A/FBO has dedicated approximately 68% of the budgetary resources available during fiscal year 1990 to the capital construction program. Presently 24 major facilities are under construction, 20 facilities are under design, funds are available and A/FBO is actively negotiating for sites identified for three additional facilities at: Abu Dhabi, Kuwait, and Seoul.

A/FBO acquired funds to lease approximately 9,315 properties in support of U.S. Mission activities and provides the funds and technical support for routine maintenance, rehabilitation and minor improvement projects for those facilities.

An extensive program to assess the physical condition of our aging overseas building inventory is underway and strategies are being developed to address the major systems replacement and facility rehabilitation requirements to return our aging facilities to a safe and efficient condition.

We are continuing our efforts to identify hazardous conditions in our overseas buildings and with limited funds available we have implemented abatement efforts in removing asbestos and transformers containing PCBs from the living and working environments and we are taking steps to evaluate the need for a Radon Detection and Abatement Program. Efforts continue to identify structural weaknesses in facilities located in high

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

II. Current Programs (continued)

seismic activity locations that may present an unreasonable risk to life safety in the event of an earthquake. The fire and life-safety program conducts inspection and training and funds the installation of alarm and suppression systems to minimize the life safety and property damage risk.

The efforts of the energy conservation and investment program, power support, physical security rehabilitation and, post communication rehabilitation programs are directed toward improving the security, efficiency and economy of operations of our facilities. In the developing world where most of our missions are located, many posts do not have access to technical staff adequately trained for maintenance functions. Further compounding this problem are new security requirements which mandate increased use of cleared Americans for maintaining sensitive areas of chanceries. A/FBO is addressing this issue by establishing regional maintenance centers in Europe and Washington to provide inspection, training, and maintenance assistance in Eastern Europe and the developing world. Further, professional facilities managers are being provided for each new office building. Also an evaluation is underway to formulate recommendations for additional maintenance personnel needed at overseas posts.

In FY 1990, in accordance with provision of Public Law 101-162, $51,152,000 of new budget authority from the Acquisition and Maintenance of Buildings Abroad Appropriation is transferred to the Department's Salaries and Expenses Appropriation.

III. FY 1991 Plans

The FY 1991 request for Acquisition and Maintenance of Buildings Abroad is a net increase of $24,310,000 over the amounts appropriated for construction of facilities, property acquisitions, leasing, and maintenance of properties in FY 1990, but a net decrease of $25,000,000 from the FY 1990 funded program level of $343,000,000. Because of the Administration's concern over the Federal deficit, the Department is requesting capital program funds only to continue ongoing construction, and to acquire sites and initiate designs for future construction of chancery buildings in Abidjan, Jerusalem, and Tel Aviv. In FY 1991 the Department has proposed the transfer of responsibility for financing and managing the Construction Security Programs to the Foreign Buildings Office. These additional requirements which include construction surveillance, transit security, and construction project site security guard programs will be financed at a program level of $65,000,000 in FY 1991 and will be absorbed by application of unobligated balances committed to current capital projects. The Department will propose in a separate reprogramming notification, the transfer of unobligated balances appropriated for these projects to cover the annual estimated requirements of the Construction Security Program.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

III. FY 1991 Plans (continued)

The program request provides funds to complete projects previously authorized, including $8,917,000 to acquire office furniture and security equipment for previously authorized projects at: Cairo II, Caracas, La Paz, and Santiago. We request $3,050,000 for project supervision for the Cairo II, Caracas, La Paz, and Port Moresby projects. Funds are requested to continue the critical major rehabilitation of staff housing units at Bonn ($9,445,000). In addition, $13,000,000 is requested for security projects at separate facilities maintained by the Agency for International Developement, the Department of Commerce, and the U.S. Information Agency.

Funds for capital project site acquisition and development ($13,569,000) have been requested as a separate program line item. Normal federal agency practice is to budget site acquisition and design activities separately from construction funds. Since Fiscal Year 1985, the Embassy construction program has been financed on a fully funded basis. All costs for site acquisition, design, and construction are included in the fully funded project budget. However, these primary activities are conducted in a serial manner.

This full funding budget approach requires forecasts of too many unknowns, such as costs for site purchase. In addition the long lead time almost guarantees that the program and operational requirements of the tenant agencies will have changed significantly by the time design is finished and construction is scheduled. These unknowns have seriously affected project cost control and maintenance of execution schedules.

The cost and time uncertainties in project site acquisition, planning and programming, and design are real and will occur regardless of the method of budgeting and execution used. Under this scenario, project sites would be acquired before project concept designs are developed, and construction costs would be accurately estimated before a construction budget is presented to Congress. Although this approach will not reduce actual costs required for site purchase, development, and design, it will reduce execution delays that occur due to cost escalation of about 6% annually as well as reprogramming actions.

In FY 1988 A/FBO contracted for a generically designed pre-engineered office building. In FY 1990 funds were requested to site adapt the generic design to construct the Port Moresby Embassy facility. A/FBO plans to continue this program and has proposed a pre-engineered facility at Abidjan in this budget.

While most of the building program effort is presently focused on new construction, the rehabilitation, upgrading, and maintenance of the aging

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

III. FY 1991 Plans (continued)

U.S. owned properties in the overseas inventory is a major problem and requires a significant investment of funds and manpower. There are currently 2,013 U.S. Government owned properties overseas. The average age of these facilities is in excess of 30 years.

The aging of the buildings inventory is alarming when comparing the practical life expectancies of the major building systems with the life expectancies in the U.S. In addition, there is a need to upgrade the capabilities of these facilities for life safety from natural phenomena, and for energy conservation. Further recent efforts by the Department provide posts with State-of-the-art systems (communications, security, etc.) which present new demand on the existing facility plant. The FY 1991 program requests reflects an increase of $30,351,000 for the A/FBO functional programs and operations. Each of these functional programs targets a specialized area of this maintenance problem.

In FY 1991, the Department proposes to merge funding for physical security upgrades into the A/FBO program. Funds for construction of public access controls and perimeter wall projects at short termed leased properties formerly financed by the Office of Diplomatic Security in the Salaries and Expenses Appropriation are included in this request. A total of $10,700,000 has been requested for physical security upgrades of government-owned, long-term and short-term leased properties.

This request includes a base restoration of $9,123,000 previously transferred in FY 1990 in anticipation of the expanded FAAS program, to assure continuation of leasehold payments, vital to the conduct of U.S. Government programs overseas.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

Summary of Budget Changes

(dollars in thousands)

	Funds
1990 Appropriation	$348,100
Transfer to S&E	-51,152
Sequestration	-3,483
1990 Estimate	293,465
1991 Changes:	
Capital Program	-27,083
Restoration of FAAS Transfer (Leaseholds)	9,123
Functional Programs	30,351
Administration	9,019
Subtotal, All Programs	21,410
Adjustment in Proceeds of Sale	2,900
Total, 1991 Changes	24,310
Appropriation Total	317,775

For FY 1990, in accordance with provisions of Public Law 101-162, $51,152,000 in new budget authority from the Acquisition and Maintenance of Buildings Abroad appropriation is transferred to the Department's Salaries and Expenses appropriation.

The FY 1991 request for Acquisition and Maintenance of Buildings Abroad appropriation which is managed by the Office of Foreign Buildings Operations (A/FBO) is a net increase of $24,310,000 over the amounts available for construction of facilities, property acquisitions, leasing, and maintenance of properties in FY 1990. Because of the Administration's concern over the Federal deficit, the Department is requesting capital program funds only to continue ongoing construction and to acquire sites and initiate designs for future construction of chancery buildings in Abidjan, Jerusalem, and Tel Aviv. In FY 1991 the Department has proposed the transfer of the responsibility for financing and managing the Construction Security Program to the Foreign Buildings Office. These additional requirements, which include construction surveillance, escort transit security, physical security upgrades for short-term leased facilities, and construction project site security guard programs, will be financed at a program level of $65,000,000 in FY 1991 from unobligated balances. In FY 1991 the Department will propose, in a separate reprogramming notification, the transfer of unobligated balances appropriated for other purposes to cover the annual estimated requirements of the Construction Security Program. The Department is also proposing modest increases in building maintenance programs which begin to address the substantial backlog in major systems repair, facility rehabilitation and replacement of our aging overseas building inventory. Finally, the Department

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

Summary of Budget Changes (continued)

is also requesting additional funds in leaseholds to restore monies transferred in FY 1990 in anticipation of the expanded Foreign Affairs Administrative Support (FAAS) program. These funds are required to assure continuation of consolidated administrative support services, in this case leasehold payments, vital to the conduct of U.S. Government programs overseas.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

Program Activities Summary

Activities	1989 Enacted	1990 Estimate	1991 Request	Increase or Decrease (-)
	(dollars in thousands)			
CAPITAL PROGRAM	$14,300	$83,564	$56,481	-$27,083
LEASEHOLD PROGRAM	97,368	86,669	95,792	9,123
FUNCTIONAL PROGRAMS AND OPERATIONS:				
Physical Security Upgrades	2,922	1,980	10,700	8,720
Fire/Life Safety Retrofit	4,411	4,733	4,845	112
Energy Conservation & Investment	500	495	500	5
Power Support Systems	3,875	4,555	5,500	945
Seismic Retrofit	1,500	495	520	25
Communications Center Renovations	4,565	7,292	3,245	-4,047
Asbestos Program	480	1,213	2,000	787
Maintenance of Buildings	51,140	52,457	53,730	1,273
Facility Rehabilitations & Support Systems Replacement	--	--	12,000	12,000
Facility Maintenance Assistance	8,613	15,274	22,480	7,206
Furniture, Furnishings & Equipment	2,000	3,961	4,000	39
Applied Engineering & Technical Transfer	750	495	500	5
Project Supervision	13,197	5,181	6,170	989
Program Management	15,400	9,208	11,500	2,292
Construction Security	--	--	(65,000)*	(65,000)*
Subtotal, Functional Program and Operations	109,353	107,339	137,690	30,351
ADMINISTRATION	21,000	20,793	29,812	9,019
Subtotal, All Programs	242,021	298,365	319,775	21,410
Anticipated Proceeds of Sale	-2,000	-4,900	-2,000	2,900
Total Availability	240,021	293,465	317,775	24,310
FY 1990 Transfer to S&E	--	51,152	--	-51,152
FY 1990 Sequestration	--	3,483	--	-3,483
Appropriation Total	240,021	348,100	317,775	-30,325

* It is proposed that funding for Construction Security will be derived from prior year unobligated balances. In FY 1989 and FY 1990 Construction Security was funded by the Salaries and Expenses appropriation.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
Obligation Plan By Program

FY 1989-1995
(dollars in thousands)

CAPITAL PROGRAM:	1989	1990	1991	1992-1995	Cum. Total
CONTINUING PROJECTS	$127,320	$372,049	$319,039	$674,987	$1,493,395
NEW STARTS	--	--	--	1,105,500	1,105,500
OTHER AGENCIES	8,215	29,472	13,000	107,000	157,687
SUBTOTAL, CAPITAL PROGRAM	135,535	401,521	332,039	1,887,487	2,756,582
OPERATING PROGRAMS:					
LEASEHOLD PROGRAM	145,430	160,437	158,286	705,463	1,169,616
FUNCTIONAL PROGRAMS:					
Physical Security Upgrade	1,694	6,208	10,700	43,100	61,702
Fire/Life Safety	2,779	6,598	4,845	29,224	43,446
Energy Conservation	9	2,326	500	47,605	50,440
Power Support Program	2,604	7,560	5,500	67,558	83,222
Seismic Program	136	1,959	520	17,730	20,345
PCC Renovations	7,780	19,149	3,245	81,159	111,333
Asbestos Program	995	1,245	2,000	14,290	18,530
Maintenance of Buildings	48,505	70,349	53,730	233,776	406,360
Facility Rehabilitation	--	--	12,000	264,000	276,000
Facility Maintenance Asst	9,136	20,278	22,480	148,864	200,758
Furniture & Furnishings	3,061	5,323	4,000	26,240	38,624
Applied Engineering	348	897	500	9,890	11,635
Project Supervision	2,116	13,839	6,170	27,318	49,443
Program Management	16,065	11,612	11,500	50,787	89,964
Construction Security	--	--	65,000	285,681	350,681
SUBTOTAL, FUNCTIONAL PROGRAMS	95,228	167,343	202,690	1,347,222	1,812,483
ADMINISTRATION	27,953	26,192	29,812	130,576	214,533
TOTAL, OBLIGATIONS	404,146	755,493	722,827	4,070,748	5,953,214

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
Obligation Plan By Program (continued)

FY 89-95
(dollars in thousands)

FINANCING:	1989	1990	1991	1992-1995
Offsetting Collections From:				
Federal Funds	-$51,349	-$50,500	-$56,500	-$246,300
Non-Federal Sources	-6,699	-4,900	-2,000	-8,000
Recoveries of PY Obligations	-64	--	--	--
Unobligated Balance Available, SOY	-920,941	-814,928	-417,500	-70,948
Unobligated Balance Available, EOY	814,928	417,500	70,948	882
Unfunded Net Obligations	--	--	--	-3,746,382
Unfunded Requirements	--	--	--	2,363,962
Appropriations Enacted/ Requested/Planned	240,021	293,465	317,775	1,382,420
Adjustments:				
Transfers to Salaries & Expenses	--	51,152	--	--
FY 1990 Sequestration	--	3,483	--	--
Appropriations Enacted/ Requested/Planned	240,021	348,100	317,775	1,382,420
	(Enacted)	(Estimate)	(Request)	(Plan)

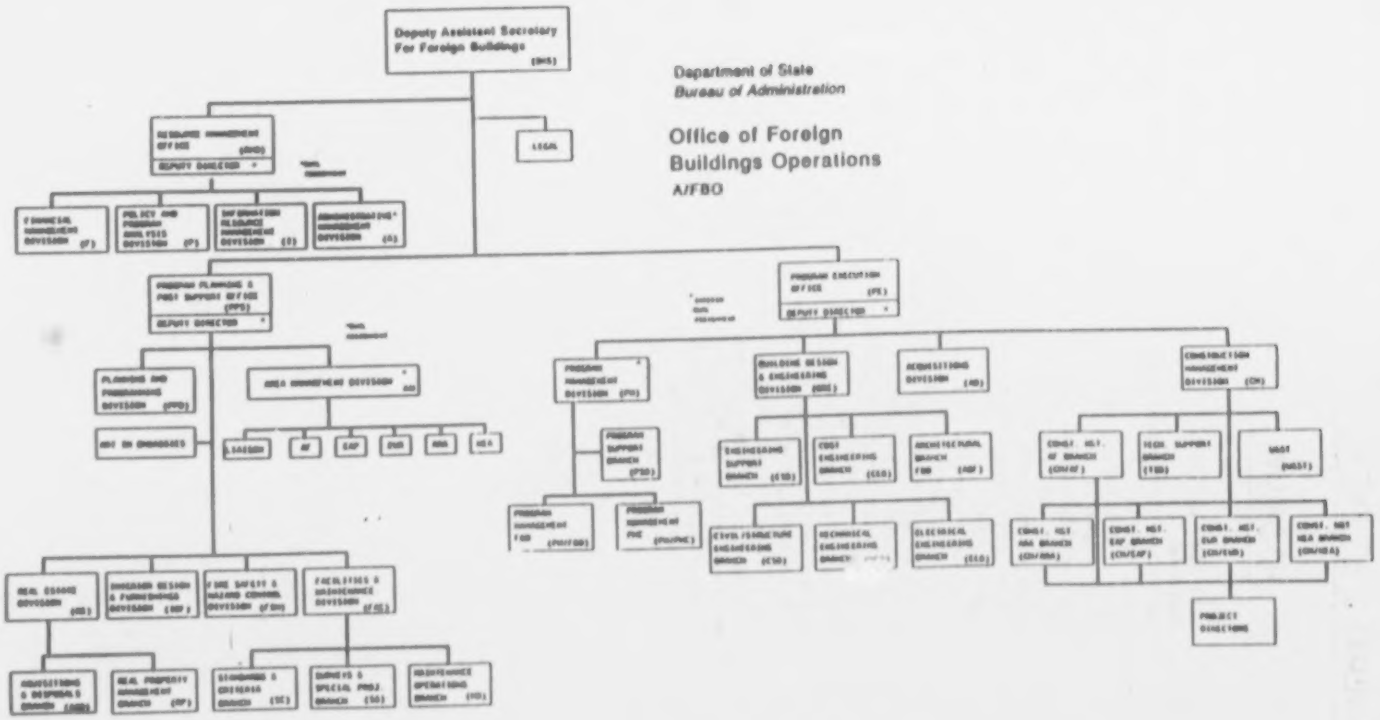
ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FBO GLOSSARY

ACQ	Site Acquisition
CMP	Compound
COB	Consulate Office Building
CON	Construction
CPU	Central Processing Unit
DEV	Development of architectural design and engineering plans
DOD	Department of Defense
EMR	Embassy Residence
FBO	Office of Foreign Buildings Operations
GO	Government owned
LTL	Long-Term Lease
POB	Pre-Engineered Office Building
CGR	Consul General Residence
MSGR	Marine Security Guard Residence
NOB	New Office Building
OBC	Office Building Chancery
OBX	Office Building Annex
PAC	Public Access Controls
PCC	Post Communication Center
PUR	Purchase of buildings/sites
REHAB	Rehabilitation of buildings
SAR	Single Residence for Staff
SDA	Staff Duplex Apartments
SOR	Senior Officer Residence
STL	Short-Term Lease

Department of State
Bureau of Administration

Office of Foreign Buildings Operations
A/FBO


Deputy Assistant Secretary For Foreign Buildings (DAS)
LEGAL
RESOURCE MANAGEMENT OFFICE (RMO)
DEPUTY DIRECTOR *
FINANCIAL MANAGEMENT DIVISION (F)
POLICY AND PROGRAM ANALYSIS DIVISION (P)
INFORMATION RESOURCE MANAGEMENT DIVISION (I)
ADMINISTRATIVE MANAGEMENT DIVISION (A)
PROGRAM PLANNING & POST SUPPORT OFFICE (PPS)
DEPUTY DIRECTOR *
PLANNING AND PROGRAMMING DIVISION (PPD)
AREA MANAGEMENT DIVISION AM
ART IN EMBASSIES
LIAISON
AF
EAP
EUR
ARA
NEA
REAL ESTATE DIVISION (RE)
INTERIOR DESIGN & FURNISHINGS DIVISION (IDF)
FIRE SAFETY & HAZARD CONTROL DIVISION (FSH)
FACILITIES & MAINTENANCE DIVISION (FMS)
ACQUISITIONS & DISPOSALS BRANCH (ADB)
REAL PROPERTY MANAGEMENT BRANCH (RP)
STANDARDS & CRITERIA BRANCH (SC)
SURVEYS & SPECIAL PROJ. BRANCH (SO)
MAINTENANCE OPERATIONS BRANCH (MO)
PROGRAM EXECUTION OFFICE (PE)
DEPUTY DIRECTOR *
PROGRAM MANAGEMENT DIVISION (PM)
PROGRAM SUPPORT BRANCH (PSB)
PROGRAM MANAGEMENT FOB (PM/FOB)
PROGRAM MANAGEMENT PHE (PM/PHE)
BUILDING DESIGN & ENGINEERING DIVISION (BDE)
ACQUISITIONS DIVISION (AD)
ENGINEERING SUPPORT BRANCH (ESB)
COST ENGINEERING BRANCH (CEB)
ARCHITECTURAL BRANCH FOB (ABF)
CIVIL/STRUCTURE ENGINEERING BRANCH (CSB)
MECHANICAL ENGINEERING BRANCH
ELECTRICAL ENGINEERING BRANCH (EEB)
CONSTRUCTION MANAGEMENT DIVISION (CM)
CONST. MGT. AF BRANCH (CM/AF)
TECH. SUPPORT BRANCH (TSB)
(NAST)
CONST. MGT ARA BRANCH (CM/ARA)
CONST. MGT. EAP BRANCH (CM/EAP)
CONST. MGT. EUR BRANCH (CM/EUR)
CONST. MGT NEA BRANCH (CM/NEA)
PROJECT DIRECTORS

FBO-12

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
CAPITAL PROGRAM
(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$14,300	$83,564	$56,481

SUMMARY STATEMENT

The Office of Foreign Buildings is currently executing 24 major projects which are under construction, 20 projects in the development design phase, and is acquiring sites for three new facilities in Abu Dhabi, Kuwait, and Seoul. The majority of these projects were funded by appropriations enacted in FY 1985 thru FY 1987 which were authorized by the Omnibus Diplomatic Security Act of 1986, Public Law 99-399.

At the end of FY 1989, $719,734,000 of those appropriations remain unobligated. It is estimated that $401,521,000 of those balances will be obligated by executing projects during FY 1990, and the remaining $318,213,000 in FY 1991. It will be necessary to reprogram $65,000,000 of capital program unobligated balances to absorb the Construction Security Program requirements which, beginning in FY 1991, will be financed from this appropriation.

The FY 1991 request for the capital program includes $13,569,000 for site acquisition and design of major capital projects in Abidjan, Jerusalem, and Tel Aviv. The Department is requesting $8,500,000 to acquire a compound site currently under lease in the German Democratic Republic. Additional funds ($21,412,000) are requested for projects currently under construction including continuing project supervision costs, furniture and furnishings, and security equipment. We are also requesting $13,000,000 for security projects at overseas facilities separately maintained by the Agency for International Development, the Department of Commerce, and the U. S. Information Agency.

The following five-year plan provides obligation estimates and program financing for each of the currently authorized capital projects. The five-year plan also provides budget outyear estimates for new construction starts which will enable the Department to begin addressing the significant backlog of facility replacement and major rehabilitation requirements.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
FBO Capital Program
FY 1989-1995
(dollars in thousands)

OBLIGATIONS BY PROGRAM:

	1989	1990	1991	1992-95	Cum. Total
Algiers, CMP	$942	$816	$91	$--	$1,849
Abu Dhabi, OBC	33	967	--	--	1,000
Abuja Site	--	--	3,900	--	3,900
Abidjan, OBC	242	2,336	600	43,806	46,984
Amman, OBC	3,676	1,371	6,708	--	11,755
Ankara, CMP	5	--	--	--	5
Bangkok, OBC	1	3,566	--	66,756	70,323
Beijing, OBC	302	--	13,547	--	13,849
Berlin, Site Acq.	--	--	8,500	--	8,500
Beirut, OBX	495	--	--	--	495
Belgrade, REHAB	--	6,600	--	--	6,600
Bissau, SDA	--	993	--	--	993
Bogota, OBX	147	678	--	--	825
Bogota, OBC	--	9,138	--	64,711	73,849
Bonn, OBC	1,409	22,352	--	--	23,761
Bonn, SDA	--	2,959	9,445	8,300	20,704
Budapest, OBC	3,276	-76	--	52,856	56,056
Budapest, OBX	--	2,305	--	17,921	20,226
Cairo II, OBC	1,958	32,860	16,051	--	50,869
Calcutta, USIS Cul Ctr.	333	749	--	--	1,082
Canberra, Staff Apts.	567	1,785	--	--	2,352
Caracas, OBC	2,635	--	38,076	3,888	44,599
Dhaka, OBC	2,770	596	--	--	3,366
Djibouti, OBC	335	2,661	--	--	2,996
Doha, OBC	--	2,866	13,669	1,833	18,368
Gaborone, OBC	1,626	360	49	--	2,035
Georgetown, EMR	--	500	--	--	500
Georgetown, OBC	1,490	4,142	--	--	5,632
Guangzhou, COB	--	--	1,151	--	1,151
Istanbul, CMP	2,468	8,883	--	43,276	54,627
Jerusalem, OBC	--	--	5,700	80,517	86,217

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
FBO Capital Program, (Continued)
FY 89-95
(dollars in thousands)

OBLIGATIONS BY PROGRAM:	1989	1990	1991	1992-95	Cum. Total
Khartoum, OBC	$98	$3,327	$46,933	$31,402	$81,760
Kingston, OBC	9	--	--	--	9
Kuwait, OBC	95	27,823	8,252	--	36,171
La Paz, OBC	4,988	28,411	20,646	--	54,045
Lahore, OBC	993	3,143	--	--	4,136
Lima, OBC	4,629	--	51,289	12,677	68,595
London, SDA	738	1,917	--	--	2,655
Manama, OBC	3,559	4,152	--	--	7,711
Mexico, OBC	245	584	--	--	829
Mogadishu, CMP	3,159	1,131	--	--	4,290
Moscow, EOB	9,933	10,953	--	--	20,886
Moscow, NOB	4,969	10,000	16,969	--	31,938
Muscat, OBC	1,944	831	--	--	2,775
Niamey, AID, OBX	--	-1,038	--	--	-1,038
Nicosia, OBC	1,091	5,811	--	--	6,902
Osaka-Kobe, COB	--	--	454	--	454
Ottawa, OBC	1	2,683	27,000	--	29,684
Paris, OBX	69	613	--	--	682
Port Moresby, OBC	404	11,415	600	--	12,419
Pretoria, OBC	996	43,621	3,798	--	48,415
Rabat, CMP	38	--	--	--	38
Riyadh, CMP	3,184	16,126	677	--	19,987
Sanaa, OBC	5,198	1,890	--	--	7,088
San Jose, OBC	-438	1,424	--	--	986
San Salvador, OBC	55,498	18,192	557	--	74,247
Santiago, OBC	235	36,876	7,261	--	44,372
Seoul, OBC	110	8,874	--	68,181	77,165
Singapore, Chancery	--	6,699	--	--	6,699
Shanghai, COB	--	1,200	--	--	1,200
Sofia	--	750	--	42,310	43,060
Tegucigalpa, OBX	516	4,432	--	--	4,948
Tel Aviv, OBC	304	10,802	--	--	11,106
Tel Aviv, Chancery	--	--	7,269	97,669	104,938
Tunis, OBC	44	--	9,847	38,884	48,775
New Starts	--	--	--	1,105,500	1,105,500
Subtotal, Capital Program	127,320	372,049	319,039	1,780,487	2,598,895

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
FBO Capital Program, (Continued)
FY 89-95
(dollars in thousands)

	1989	1990	1991	1992-95	Cum. Total
OTHER AGENCIES:					
Agency for Int'l. Develop.	$296	$8,369	$4,000	$32,925	$45,590
Dept. of Commerce	--	4,598	1,000	8,230	13,828
Dept. of Defense	--	3,093	--	--	3,093
U.S. Information Agency	7,919	13,412	8,000	65,845	95,176
Subtotal, OTHER AGENCIES	8,215	29,472	13,000	107,000	157,687
TOTAL, CAPITAL PROGRAM OBLIGATIONS	135,535	401,521	332,039	1,887,487	2,756,582
FINANCING:					
Offsetting Collections From:					
Federal Funds	--	--	--	--	
Non-Federal Sources	-6,699	--	--	--	
Reimbursements	-445	--	--	--	
Unobligated Balance Available, SOY	-824,753	-719,734	-397,777	-46,278	
Unobligated Balance Available, EOY	719,734	397,777	45,219	1,412	
Reprogramming	-9,072	4,000	77,000	--	
Appropriations Enacted/ Requested/Planned	14,300	83,564	56,481	1,842,621	
Transfers to Other Accounts	--	51,152	--	--	
FY 1990 Sequestration	--	1,342	--	--	
Appropriations Enacted/ Requested/Required	14,300	136,058	56,481	1,842,621	
	(Enacted)	(Estimate)	(Request)	(Planned)	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY-1991

CAPITAL PROJECT DESCRIPTION

SITE ACQUISITION AND DEVELOPMENT

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$--	$--	$13,569

As originally conceived the urgent Diplomatic Security Construction Program was to replace facilities at our highest risk posts within a five year funding plan for the period FY 1986 - FY 1990. That plan has not been fully implemented both because appropriations have not been enacted consistent with the five year plan and because the program has been delayed by the difficulty and extensive lead time needed to obtain sites (e.g. Kuwait). A/FBO has responded to this problem by applying operating program funds to site selection costs and reprogramming capital funds for site acquisition and design costs to the extent possible to maintain program momentum.

Normal federal agency practice is to budget site acquisition and design activities separately from construction funds. In the new Embassy construction program, all costs for site acquisition, design, and construction were previously included in the fully funded project budget. However, these primary activities are conducted in a serial manner. The time required to conduct site acquisition and design (2 to 3 years minimum) before the bulk of the project funds can be committed to construction has exacerbated the normal accrual of large balances of unexpended appropriations.

In addition, the full funding budget approach requires forecasts of too many unknowns, such as costs for site purchase, site development, unusual building foundations, and utility support systems. The long lead time almost guarantees that the program and operational requirements of the tenant agencies will have changed significantly by the time design is finished and construction is scheduled. These unknowns have seriously affected project cost control and maintenance of execution schedules.

The cost and time uncertainties in project site acquisition, planning and programming, and design are real and will occur regardless of the method of budgeting and execution used. However, the adverse effects of these uncertainties on the program will be lessened if these activities are funded as a separate annual program level (funding total) that may be applied to any authorized project based on an orderly program execution plan.

In FY 1988 A/FBO initiated the Pre-Engineered Building Program. Using base funds, a contract was executed for a generic design (prototype 20,000 square foot, pre-engineered building) which will be site adapted for each project. In FY 1990 funds where requested to adapt the generic

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY-1991

CAPITAL PROJECT DESCRIPTION

SITE ACQUISITION AND DEVELOPMENT, (Continued)

(dollars in thousands)

design and to construct a pre-engineered building at Port Moresby, Papua New Guinea. A/FBO has proposed a pre-engineered facility at Abidjan and has requested funds to site adapt the pre-engineered general design. Priorities also exist to initiate designs of the Chancery Facilities in Jerusalem and Tel Aviv if sites can be obtained by exchange of properties To the extent that acquisition of sites are delayed in Tel Avia and Jerusaleim, these monies will be applied to site acquisition and design requirements for other high priority capital projects, e.g., Panama. In such events, Congressional committees will be notified in advance of such program changes. The funding level requested is considered to be the minimum level to assure an adequate design program during FY 1991.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY-1991
CAPITAL PROJECT DESCRIPTION

FURNITURE, FURNISHINGS AND EQUIPMENT

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$--	$600	$8,917

This program provides for the acquisition, transportation and installation of initial furniture, furnishings and security equipment for all new construction projects -- including new office buildings and compounds, representational and non-representational housing, Marine Security Guard Residences and other ancillary facilities. The initial furniture and furnishings requirements are based on a survey of furniture in use in the current facilities and available for reuse in the new buildings.

Funds are requested for security equipment for the previously authorized Cairo and La Paz projects as these requirements were omitted from the enacted capital project appropriations.

The following are the furniture and furnishings and security equipment requirements by project and the amounts to be provided by tenant agencies:

	Furniture & Furnishings		Security	
	State	Other Agencies	Equipment	Total
Cairo II	$3,369	$773	$886	$5,028
Caracas	1,476	470	--	1,946
La Paz	1,628	438	1,198	3,264
Santiago	360	--	--	360
	6,833	1,681	2,084	10,598
Less: Amounts to be Provided by Tenant Agencies....				-1,681
Appropriations Requested				8,917

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY-1991
CAPITAL PROJECT DESCRIPTION

PROJECT SUPERVISION
(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$--	$3,919	$3,050

The Capital Project Supervision Program provides for the direct project support costs, including salaries and benefits, of FBO personnel assigned to supervise the construction of overseas capital projects and housing and post allowances for those employees as well as those of the private sector program management support firm assigned overseas to assist the FBO project director.

Project	FY 1991 Request
Cairo II	$200
Caracas	150
La Paz	2,100
Port Moresby	600
Appropriations Requested	3,050

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY-1991
OTHER AGENCIES - SECURITY PROJECTS
(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$--	$19,800	$13,000

Agency for International Development:

The Agency for International Development (AID) has requested $4,000,000 for FY 1991 for the construction of a new office building in Dakar, Senegal. These funds ($3,900,000) will be used in addition to amounts requested for FY 1990 to complete this facility. In addition $100,000 will be used to initiate design of a new AID facility in Nairobi, Kenya.

Department of Commerce:

Department of Commerce (DOC) requested $1,000,000 for FY 1990. The request was for physical security site surveys of DOC facilities in Abu Dhabi, Amsterdam, Baghdad, Bangkok, Cristobal, Dusseldorf, Frankfurt, Guangzhou, Jeddah, London, Melbourne, Mexico City, Moscow, Panama, Perth, Sao Paulo, Singapore, Sydney, Tokyo, Toronto, Vancouver and Warsaw. Based on security consideration, the selection of sites is tentative and is subject to change. It is anticipated that approximately 10 surveys will be completed in FY 1990.

The FY 1991 request is $1,000,000. Site surveys will be completed on the remaining locations plus any additional sites added because of security condition changes. $357,000 is requested for the remaining surveys. Security upgrades will continue with work being done on 8 facilities. The request for upgrading is $643,000.

U.S. Information Agency:

U.S. Information Agency (USIA) has requested $8,000,000 for FY 1991. The request is for relocation of Niamey and Namibia facilities totalling $1,000,000. Security upgrades totalling $3,000,000 to USIS libraries, cultural centers and staff offices at Baghdad, Amman, Lome, Izmir, Antananarivo, Hannover, Kampala, Surabaya, Athens, Kathmandu, Cologne, and Nairobi. $1,000,000 is requested for American contractors to install technical security equipment, overseas construction and maintenance and ensure quality control at USIA project locations. $3,000,000 is also requested for security upgrades at Udorn and Briech Voice of America stations. These upgrades include required security fencing, vehicle arrest systems, guardhouses, grills, alarms and anti-vehicle trenching.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY-1991
CAPITAL PROJECT DESCRIPTION
(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$--	$--	$8,500

Project	Location
COMPOUND SITE	BERLIN, German Democratic

Description of Present Facilities and Explanation of Need

The present Chancery Office Building is under short-term lease. The building shares a common wall with space not controlled by the U.S. Government, thus making it vulnerable to technical penetration.

Description of Proposed Facilities

The Department proposes to purchase the Chancery Office Building, the building adjacent to the Chancery, and the Ambassador's Residence. The U.S. Government has recently concluded negotiations with the German Democratic Republic for a five year option for the purchase of these properties and the land on which the properties sit. The U.S. Government has also secured long term leases and the right to construct on a parking lot directly across the street from the Chancery and a separate ten acre site.

These actions will give the U.S. Government control over the property adjoining the current Chancery and will provide for the future development of separate secure and public diplomatic facilities.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY-1991
CAPITAL PROJECT DESCRIPTION
(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$--	$--	$9,445

Project	Location
HOUSING REHABILITATION	BONN, West Germany

Description of Present Facilities and Explanation of Need

The Bonn/Plittersdorf housing complex contains almost one-sixth of the Department of State's world-wide government owned residential units. The residential apartment units were built in 1951 and have been in continuous use since they were built.

Description of Proposed Facilities

The Department has undertaken a multi-year phased renovation of the Bonn Housing Complex. To date, a new heating distribution system has been installed, the central power system has been renovated, and Stages 1 through 7 of the apartment units have been renovated. Stage 8 will be renovated with funds provided in FY-1989.

With this request, the Department proposes to complete the remaining work (Stages 9 through 11). This work includes 96 apartment units and the Marine Security Guard Quarters which will occupy the complex's former guest house.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY-1991
CAPITAL PROJECT FINANCIAL PLAN
(dollars in thousands)

Project	Location	1991 Request
HOUSING REHABILITATION	BONN, Germany	$9,445

Estimated Obligations

	Prior Years	1991	1992	1993	1994	1995	Project Total
Site Acquisition	$--	$--	$--	$--	$--	$--	$--
Development	--	--	--	--	--	--	--
Basic Construction	34,880	9,445	7,300	--	--	--	51,625
Special Construction	--	--	--	--	--	--	--
Project Supervision	--	--	1,000	--	--	--	1,000
Security Equip.	--	--	--	--	--	--	--
Furniture & Furn.	--	--	--	--	--	--	--
Total Obligations	34,880	9,445	8,300	--	--	--	52,625
Financing:							
Unobligated Balance Start of Year	--	--	--	--	--	--	
Unobligated Balance End of Year	--	--	--	--	--	--	
Appropriations Enacted/ Requested/ Required	34,880	9,445	8,300	--	--	--	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

LEASEHOLD PROGRAM

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$97,368*	$86,669*	$95,792*

A/FBO provides funds for the acquisition of properties through leasing when funds for purchase of properties are not available, or the decision to lease is based on an economic analysis of cost alternatives. FBO is responsible for funding all leases. Non-Department of State personnel and activities are provided space in long term leased facilities without reimbursement. Other agencies that share space in short term leased properties reimburse A/FBO either directly or through the FAAS system. This program also funds living quarters allowances in lieu of government quarters where appropriate. Funds appropriated for the leasehold program are also used to purchase properties as opportunities occur when the economic analysis supports such action. A total of $95,792,000 is requested for the net requirements of this program. This request includes a base restoration of $9,123,000, previously transferred FY 1990 in anticipation of the expanded FAAS program, to assure continuation of leasehold payments vital to the conduct of U.S. Government programs overseas.

* Budget estimates include proceeds of sale in the amounts of $2.0 million in FY 1989, $4.9 million in FY 1990, and $2.0 million in FY 1991.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

LEASEHOLD PROGRAM, (Continued)

(dollars in thousands)

	1989	1990	1991	1992-95
Recurring Leasehold Requirements:				
Africa	$22,756	$23,958	$26,017	$110,265
American Republics	24,776	27,286	29,469	132,053
East Asia and Pacific	17,602	22,360	23,827	93,098
Europe	36,773	44,724	43,226	215,249
Near East, South Asia	23,401	24,009	25,930	109,606
Subtotal, Current Leases	125,308	142,337	148,469	660,271
Living Quarters Allowances	6,517	8,100	9,817	45,192
Acquisition/Lease Purchases	13,605	10,000	--	--
Total Obligations	145,430	160,437	158,286	705,463
Financing:				
Unobligated Balance Available, SOY	-30,713	-29,262	-5,994	--
Reimbursements and Proceeds of Sales	-48,611	-55,400	-58,500	-254,300
Unobligated Balances Available, EOY	29,262	5,994	--	--
Appropriations Enacted/ Requested/Required	95,368	81,769	93,792	451,163
	(Enacted)	(Estimate)	(Request)	(Planned)

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

PHYSICAL SECURITY UPGRADE PROGRAM

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$2,922	$1,980	$10,700

The Physical Security Upgrade Program provides for the installation, maintenance and rehabilitation of public access and perimeter controls at government owned and long-term leased facilities. Since the program began in FY 1983, $77.2 million has been appropriated. Thirty-one projects have been completed. Five projects are currently in either design or construction.

In FY 1991, the Department proposes to merge into the A/FBO program, physical security upgrades for short term leased properties which were previously financed by the Office of Diplomatic Security and included in the Department's Salaries and Expense Appropriation. $10,700,000 is requested in FY 1991 for the following projects:

Manila has totally inadequate access controls, particularly with respect to the Annex building which experiences approximately 2,200 visitors each day. USG employees both U.S. citizen and FSN are inadequately protected. The same conditions exist at the Consulate in Cebu. Physical security upgrades have been in the development since April 1987, and will be completed by August 1991. Improvements will include new vehicle barriers, new MSG Booth, new hardline walls with teller windows, and hardening of the building exterior.

In Panama funds will be used for construction of PAC and perimeter upgrades to leased property needed to support the current and planned U. S. presence there.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

PHYSICAL SECURITY UPGRADE (PROGRAM, Continued)

(dollars in thousands)

The FY 1990 obligation plan includes $500,000 to initiate a program base for maintenance, repair and replacement of ballistic resistant/forced entry material and equipment at our overseas posts. The security related materials installed since 1983 under this program are in need of repair and maintenance.

In the future, we estimate that $62 million of physical security upgrade construction is required at 43 posts as indicated in the following program summary.

Program Summary

Projects	1989	1990	1991	1992-95	Total
Addis Ababa	$--	$--	$--	$3,800	$3,800
Antananarivo	--	--	--	3,500	3,500
Antwerp	--	--	--	350	350
Amman	--	100	--	--	100
Banjul	14	--	--	--	14
Barcelona	--	--	--	1,500	1,500
Barranquilla	--	--	--	100	100
Bonn	6	--	--	--	6
Bucharest	--	--	--	1,000	1,000
Cebu	--	--	900	--	900
Copenhagen	--	--	--	2,000	2,000
Damascus	--	--	--	300	300
Djibouti	53	1,980	--	--	2,033
Dublin	--	--	--	4,970	4,970
Durban	--	--	--	1,900	1,900
Frankfurt	777	--	--	--	777
Fukuoka	--	--	--	1,500	1,500
Grenada	--	120	--	--	120
Islamabad	--	--	--	2,500	2,500
Lahore	--	100	--	--	100
Manama	--	100	--	--	100
Mbabane	--	--	--	1,600	1,600
Manila	--	--	5,800	--	5,800
Melbourne	--	206	--	--	206
Merida	--	--	--	900	900
Mexico City	--	102	--	--	102
Montevideo	--	--	--	4,180	4,180

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

PHYSICAL SECURITY UPGRADE (PROGRAM, Continued)

(dollars in thousands)

Program Summary (Continued)

Projects	1989	1990	1991	1992-95	Total
Montreal	$--	$102	$--	$--	$102
Moscow	--	2,422	--	--	2,422
Nicosia	--	100	--	--	100
Oporto	--	--	--	1,400	1,400
Panama	--	--	4,000	--	4,000
Prague	362	--	--	--	362
Reykjavik	--	--	--	2,000	2,000
Sapporo	--	--	--	1,000	1,000
Seoul	15	--	--	--	15
Stuttgart	322	--	--	--	322
Tegucigalpa	2	101	--	--	103
Tessaloniki	--	--	--	1,900	1,900
Tijuana	--	--	--	2,500	2,500
Tokyo	--	--	--	2,000	2,000
Vancouver	--	275	--	--	275
Vienna	141	--	--	--	143
Equipment/Maintenance	--	500	--	2,200	2,700
Total Obligations	1,692	6,208	10,700	43,100	61,702
Financing:					
Unoblig. Bal., SOY	-2,998	-4,228	--	--	
Unoblig. Bal., EOY	4,228	--	--	--	
Appropriations Enacted/ Requested/ Required	2,922	1,980	10,700	43,100	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

FIRE/LIFE SAFETY PROGRAM

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$4,411	$4,733	$4,845

The Fire Life Safety Program has been in existence since FY 1981. This program provides for regular fire inspection of the Department's overseas building inventory, risk analysis, education and training, fire investigations, and the maintenance and installation of alarm and suppression systems.

The budget request provides resources to continue the current level of fire inspections, risk analysis, and training at 127 posts each year. The domestic education and training programs for FY 1991 will provide 138 specialized training classes which are targeted to a broad range of personnel including Marine Security Guards, Security Officers, General Services Officers and technical personnel, FSO's, and dependents. These classes will provide fire and life safety training to more than 5,200 individuals. A/FBO provides maintenance to approximately 635 fire systems world-wide, the existing staff of 4 technicians accomplishes maintenance tasks at approximately 50 posts per year. Fire alarm and suppression systems installations are planned for Abidjan ($1,000,000), Damascus ($160,000), Edinborough ($240,000), and Toronto ($275,000). The Abidjan project is a major installation which will provide an alarm and suppression system at this recently acquired warehouse and general services complex.

The resources requested provide salaries to 22 personal services contractors, travel, logistical support, and other administrative expenses for the programs described above.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
FIRE/LIFE SAFETY PROGRAM, (Continued)
(dollars in thousands)

Program Summary

Projects	1989	1990	1991	1992-95	Total
Washington Op.	$250	$600	$490	$3,208	$4,548
Fire Marshall	361	825	850	3,400	5,436
Educ./ Training	378	650	625	2,976	4,529
Plan Review & Engineering	139	300	414	2,000	2,853
Maint. & Repair	250	625	851	3,740	5,466
Fire Projects	--	3,598	1,615	12,300	19,014
Post Equip.	1,501	--	--	1,600	1,600
Total Obligations	2,779	6,598	4,845	29,224	43,446
Financing:					
Unoblig. Bal., SOY	-233	-1,865	--	--	
Unoblig. Bal., EOY	1,865	--	--	--	
Appropriations Enacted/ Requested/ Required	4,411	4,733	4,845	29,224	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

ENERGY CONSERVATION AND INVESTMENT PROGRAM

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$500	$495	$500

The Energy Conservation and Investment Program was established in 1983 to reduce utility costs by increasing the energy efficiency of properties. Funding for this program over the past several years has been minimal. Maintaining a viable energy retrofit program will provide substantial outyear savings in continued building operating expenses. The Department of Defense has had the most extensive program of energy conservation in the Federal sector. Their experience over the past twelve years has demonstrated that the expenditure of energy analysis and retrofit construction funds yields a substantial outyear savings in utility expenditures in that retrofit investments are recovered in less than four years. Although the Department's experience in the energy conservation area has indicated a longer payback period, reflective of the added costs of construction at remote locations under difficult conditions, the savings remain substantial, and continue far beyond the life cycle of the energy savings systems installed. The five- year program detailed in this program plan will yield annual utility savings of $4.1 Million. The FY 1991 request $500,000 provides for continuing level of energy analysis at nine posts.

Program Summary

Projects	1989	1990	1991	1992-95	Total
Brasilia	$--	$38	$--	$1,835	$1,873
Buenos Aires	--	32	--	1,600	1,632
Cairo	--	80	--	3,900	3,980
Guayaquil	--	327	--	269	596
Islamabad	--	56	--	2,650	2,706
Jakarta	73	28	--	1,370	1,471
Karachi	--	11	--	447	458
Kathmandu	--	256	--	228	484
Kinshasa	--	21	--	402	423
Lagos	--	90	--	1,652	1,742

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

ENERGY CONSERVATION AND INVESTMENT PROGRAM, (Continued)

(dollars in thousands)

Program Summary (continued)

Projects	1989	1990	1991	1992-95	Total
London	$--	$400	$--	$--	$400
Madrid	21	--	--	--	21
Manila	233	--	--	--	233
Monrovia	--	16	--	800	816
New Delhi	--	138	--	9,861	9,999
Niamey	--	392	--	919	1,311
Oslo	--	26	--	1,265	1,291
Paris	--	95	--	6,087	6,182
Prague	--	36	--	1,720	1,756
Quito	--	23	--	283	306
Rome	--	46	--	1,809	1,855
Santo Domingo	--	27	--	1,343	1,370
Tokyo	--	188	--	9,165	9,353
Energy Analysis Studies	--	--	500	--	500
Adjustments	-318	--	--	--	-318
Total Obligations	9	2,326	500	47,605	50,440
Financing:					
Unoblig. Bal., SOY	-1,340	-1,831	--	--	
Unoblig. Bal., EOY	1,831	--	--	--	
Appropriations Enacted/ Requested/ Required	500	495	500	47,605	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

POWER SUPPORT SYSTEMS PROGRAM

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$3,875	$4,555	$5,500

The Power Support Program addresses the electrical systems requirements of all overseas DOS facilities. Funds provided to this program are used to acquire and install and maintain generators and uninterruptible power supply (UPS) equipment. The EPA mandated that all electrical transformers that contain polychlorinated biphenyls be removed from all Government facilities. The Power support program resources have been directed toward replacing these transformers. It is anticipated that the $1,000,000 included in this request will complete this effort.

The request also includes $1,000,000 for the installation of uninterruptible power supply systems. These systems are needed to support computer, communications, and security systems that are critical to embassy operations. The objective of this program is to avoid duplication of power systems which in the past have been financed and installed by various "users" to support specialized systems. The FY 1991 request provides no increases over the prior year's budget request.

In 1986 FBO became responsible for the entire DOS generator program. This program is critical in maintaining the operational capability of US embassy facilities worldwide since it ensures the physical security of DOS personnel and the technical security of our diplomatic operations overseas. The program replaces worn out emergency generators, procures new units for posts with no generators, and provides funds for major engine overhauls.

New requirements for operation of DOS offices and a need for increased personnel safety have drastically changed the State Department facility design. Safety requirements such as additional perimeter lighting, alarm circuits, sealed windows which necessitate a continuously operating HVAC system for the embassy to function, protective barriers, etc., demand ever increasing amounts of emergency power. The posts use more and more power for office lighting, air conditioning, ADP equipment, and for the updated PCC systems. To insure a safe and healthy environment for DOS employees, the program also provides for procurement and installation of residential generators. These generators operate refrigerators, freezers, air conditioning, security lighting and alarms to maintain an adequate quality of life. This additional demand for power will not decrease in the future. But, many third world countries lack the capacity to meet these needs.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

POWER SUPPORT SYSTEMS PROGRAM, (Continued)

(dollars in thousands)

Almost all of our existing facilities have emergency power plants, and the number of office generators is estimated at 420. About 20 office generators are replaced each year because these units either become undersized, reach the end of their useful life, or breakdown. We expect this rate to remain valid indefinitely. An average of 18 PCC generators are replaced annually as seen from the PCC generator replacement schedule. 1700 of the 2800 residences in the third-world countries require new generators. Based on an average generator life of 15 years, we need 110 new generators every year just to fill this requirement. A/FBO requires $6,589,000 annually to keep the existing 1100 generators operational. This will provide for the replacement of 75 generators every year. Thus, the average annual procurement in future years will be 223 generator units per year. The FY 1991 request includes $4,250,000 for the generator program.

Program Summary

Projects	1989	1990	1991	1992-95	Total
Generator Program	$2,538	$2,000	$4,250	$31,558	$40,346
UPS Program	--	1,100	750	36,000	37,850
PCB Abatement	66	4,460	500	--	5,026
Total Obligations	2,604	7,560	5,500	67,558	83,222
Financing:					
Unoblig. Bal., SOY	-1,724	-3,005	--	--	
Reimbursements	-10	--	--	--	
Unoblig. Bal., EOY	3,005	--	--	--	
Appropriations Enacted/ Requested/ Required	3,875	4,555	5,500	67,558	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
SEISMIC RETROFIT PROGRAM

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$1,500	$495	$520

In compliance with the Earthquake Hazards Reduction Act of 1977 (Public Law 95-124), the objective of this program is to alleviate the seismic hazard by identifying and correcting structural deficiencies which will reduce the risk of property damage and loss of life during earthquakes. In 1985 a study was conducted to identify embassy facilities which were constructed without seismic provisions in moderate to high seismic risk areas. The results of this study targeted 43 posts with high seismic risk. At 20 of these locations, the Department is constructing or plans to construct replacement facilities, which were authorized, in the Diplomatic Security Program. Of the remaining 23 posts, nine preliminary seismic analyses have been performed, and follow on detailed analysis has been accomplished at three posts. A major seismic retrofit of the Guatemala City OBC is currently in progress with an estimated cost of $1,300,000. The current program goal is to complete the 14 remaining preliminary studies during the period FY 1991-1995. Detailed analyses and retrofit construction will continue beyond this period based upon the findings of these preliminary analyses.

The FY 1991 request provides for preliminary seismic studies at Yokohama, Panama City, and Addis Ababa at an estimated cost of $100,000. Further detailed seismic studies and/or detailed designs are planned for Beijing, Guayaquil, Kathmandu, and Reykjavik with an estimated cost of $420,000.

The five-year plan is based on the need to study buildings in 33 locations identified as having the greatest potential for earthquake damage. Construction estimates may vary according to the findings of the preliminary and detailed design analyses.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

SEISMIC RETROFIT PROGRAM, (Continued)

(dollars in thousands)

Program Summary

Projects	1989	1990	1991	1992-95	Total
Preliminary Studies	$17	$200	$100	$400	$717
Detailed Engineering Analysis	87	210	420	680	1,397
Construction Drawings	--	100	--	1,000	1,100
Construction	--	1,300	--	15,000	16,300
Program Supp	32	149	--	650	831
Total Obligations	136	1,959	520	17,730	20,345
Financing:					
Unoblig. Bal., SOY	-100	-1,464	--	--	
Unoblig. Bal., EOY	1,464	--	--	--	
Appropriations Enacted/ Requested/ Required	1,500	495	520	17,730	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

COMMUNICATIONS CENTER RENOVATIONS PROGRAM

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$4,565	$7,292	$3,245

Post Communications Centers (PCC's) provide the secure physical and technical communications link between post and the Department of State. Should an emergency develop, the Principal Officer of the post and his command team depend on the PCC to ensure continued functional contact with the Department. The sensitive operational requirements placed on these centers contain the installation of state of the art data processing and transmission equipment which necessitate the upgrading of the environment in which the systems are placed. Extraordinary physical and technical protection of classified communications is required to assure that this sensitive reporting function is not jeopardized. Prior to the installation of the required communications equipment, virtually all support facility functions serving the PCC must be upgraded and additional secure vault space constructed to house this equipment where necessary. This requirement includes those measures necessary to combat the threat of technical penetration of the only secure communications link between the post and the Department. Both the cost and the extent of renovations for necessary support in the provisions of space, environmental necessities, and both technical and physical communications has increased. The continuing acts of terrorism and attempts to compromise U.S. missions and personnel overseas demonstrates the need for adequate, dependable and secure communications between the missions abroad and the Department.

In FY 1991, the Department plans renovations of the Leningrad and Vientiane PCCs.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

COMMUNICATIONS CENTER RENOVATIONS PROGRAM, (Continued)

(dollars in thousands)

Program Summary

Projects	1989	1990	1991	1992-95	Total
Accra	$36	$--	$--	$4,323	$4,359
Antananarivo	--	--	--	3,042	3,042
Ankara	4	--	--	--	4
Belgrade	--	--	--	3,255	3,255
Berlin	--	--	--	652	652
Bombay	--	--	--	2,900	2,900
Bonn	166	--	--	2,995	3,161
Brasilia	41	--	--	--	41
Brazzaville	128	400	--	--	528
Bucharest	--	--	--	2,750	2,750
Brunei	19	--	--	--	19
Brussels	60	171	--	3,500	3,731
Budapest	264	--	--	--	264
Bujumbura	--	--	--	3,025	3,025
Calcutta	--	--	--	4,157	4,157
Casablanca	--	--	--	3,100	3,100
Colombo	13	--	--	--	13
Conakry	--	--	--	5,300	5,300
Dar es Salaam	--	--	--	1,590	1,590
Freetown	71	--	--	--	71
Guatemala	17	--	--	--	17
Hamburg	--	--	--	2,300	2,300
Hong Kong	--	7,000	--	--	7,000
Islamabad	24	--	--	--	24
Jakarta	--	--	--	2,526	2,526
Kabul	--	--	--	3,005	3,005
Karachi	--	--	--	557	557
Kinshasa	577	2,850	--	--	3,427
Lagos	19	--	--	--	19
Leningrad	--	--	2,300	--	2,300
Lumbumbashi	--	1,850	--	--	1,850
Lusaka	--	--	--	5,500	5,500

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

COMMUNICATIONS CENTER RENOVATIONS PROGRAM, (Continued)

(dollars in thousands)

Program Summary, (Continued)

Projects	1989	1990	1991	1992-95	Total
Madras	$--	$--	$--	$2,900	$2,900
Madrid	5	328	--	--	333
Maseru	--	--	--	5,100	5,100
Mexico City	69	--	--	--	69
Monrovia	123	--	--	--	123
Montreal	--	300	--	--	300
Niamey	191	--	--	--	191
Nairobi	1	--	--	--	1
Paramaribo	--	--	--	390	390
Quito	--	--	--	2,500	2,500
Rabat	5,079	--	--	--	5,079
Rangoon	--	--	--	2,950	2,950
Rome	42	2,300	--	--	2,342
San Jose	8	--	--	--	8
Shanghai	--	--	--	2,715	2,715
Shenyang	--	--	--	2,238	2,238
Stockholm	16	2,950	--	--	2,966
Suva	--	--	--	1,334	1,334
Tokyo	40	1,000	--	--	1,040
U.S. NATO	--	--	--	2,850	2,850
Vienna	3	--	--	2,650	2,653
Vientiane	--	--	945	1,055	2,000
Warsaw	65	--	--	--	65
Other Agencies	699	--	--	--	699
Total Obligations	7,780	19,149	3,245	81,159	111,333
Financing:					
Unoblig. Bal., SOY	-13,518	-11,857	--	--	
Reimbursements	-1,554	--	--	--	
Unoblig. Bal., EOY	11,857	--	--	--	
Appropriations Enacted/ Requested/ Required	4,565	7,292	3,245	81,159	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

ASBESTOS PROGRAM

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$480	$1,213	$2,000

The Asbestos program was initiated in FY 1988 to determine which Department of State Buildings contain asbestos materials and to initiate abatement projects where it is determined that asbestos presents a health hazard to building occupants. This program was initially established to reduce the potential asbestos hazard to DOS personnel and later upgraded to comply with the Asbestos Hazard Emergency Response Act. A/FBO has established a goal to inspect all 255 foreign service posts by 1995. Through FY 1989, 57 posts have been inspected and in FY 1990, 43 inspections are planned . To achieve our target, 25 inspections must be conducted each year 1991-1995. As a result of the inspections conducted to date, nine major abatement projects have been initiated, the projects range in cost from $50,000 to $500,000.

The FY 1991 request will permit acceleration of the inspection and abatement work. Prior experience indicates that approximately one third of posts surveyed will require a detailed hazard assessment which costs approximately $33,000. Based on the inspection schedule, 13 studies will be required (total cost $429,000). Funds are requested for 11 abatement projects, specific locations and project scope will be determined by the results of detailed hazard assessments conducted in FY 1990.

The request provides for salaries and support costs for asbestos program contract personnel ($225,000), inflation for base program costs ($40,000), and increase in the abatement project workload ($510,000).

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
ASBESTOS PROGRAM
(dollars in thousands)

Program Summary

Projects	1989	1990	1991	1992-95	Total
Total Obligations	$995	$1,245	$2,000	$14,290	$18,530
Financing:					
Unoblig. Bal., SOY	-547	-32	--	--	
Unoblig. Bal., EOY	32	--	--	--	
Appropriations Enacted/ Requested/ Required	480	1,213	2,000	4,150	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

MAINTENANCE OF BUILDINGS PROGRAM

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$51,140	$52,457	$53,730

This program provides for the continuing maintenance, repair and rehabilitation and minor improvement of the government owned and long-term leased facilities worldwide.

The Department requests $31,630,000 for routine maintenance and repairs. These funds are allocated to posts on a current service basis to provide for painting, pest control, preventative maintenance of mechanical equipment, replacement of worn materials (such as flooring and wall tile), the replacement of major appliances at principal officer residences, and all other services necessary to maintain buildings in a presentable and operating condition. Building operating expenses for these facilities including utilities and maintenance support staff is included in the Department's Salaries and Expenses Appropriation.

In FY 1989, $24,050,000 was obligated by overseas post for routine maintenance and repairs. The impact of overseas price increases for the period FY 1990-1991 level, calculated at current rates of exchange, results in a current service estimate for routine maintenance and repair of $31,630,000.

Special Maintenance and Minor Improvement projects include non-routine repairs, facility rehabilitation or improvements which can be implemented by the overseas posts but require substantial engineering, technical support, and project oversight by A/FBO. Projects in this category include repairs to building facades, boilers, air conditioning systems, elevators, roofs, telephone equipment and paving projects. These projects are smaller in scope than major capital rehabilitations and usually range from several hundred to $500,000, however they may cost significantly more for more complex projects such as building additions or major space adaptations. The FY 1990 enacted level provides $21,350,000 for special maintenance and minor improvement; the FY 1991 request of $22,100,000 provides only for the impact of inflation to sustain the program base.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
MAINTENANCE OF BUILDINGS PROGRAM, (Continued)
(dollars in thousands)

Program Summary

Projects	1989	1990	1991	1992-95	Total
Total Oblig.	$48,505	$70,349	$53,730	$233,776	$406,360
Financing:					
Unoblig. Bal,SOY	-15,257	-17,892	--	--	
Unoblig. Bal,EOY	17,892	--	--	--	
Appropriations Enacted/ Requested/ Required	51,140	52,457	53,730	233,776	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

MAINTENANCE OF BUILDINGS PROGRAM

(dollars in thousands)

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ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
MAINTENANCE OF BUILDINGS PROGRAM, (Continued)
(dollars in thousands)

Program Summary

Projects	1989	1990	1991	1992-95	Total
Total Oblig.	$48,505	$70,349	$53,730	$233,776	$406,360
Financing:					
Unoblig. Bal,SOY	-15,257	-17,892	--	--	
Unoblig. Bal,EOY	17,892	--	--	--	
Appropriations Enacted/ Requested/ Required	51,140	52,457	53,730	233,776	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
FACILITY REHABILITATION AND SUPPORT SYSTEMS REPLACEMENT PROGRAM

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$--	$--	$12,000

This new funding initiative is based in part on recommendations made by the U.S. General Accounting Office and the Department of State's Office of the Inspector General. These offices recommended that FBO develop a more formal planning approach for addressing its maintenance requirements. The initiative builds on the Post Facility Survey Program which was first funded in 1988. This new Facility Rehabilitation and Support System Replacement Program is designed to systematically renovate and replace the support systems within the aging inventory of government owned and long term leased facilities abroad.

Buildings and their support systems have a finite life span. Even with the best of preventive maintenance, eventually plumbing, electrical, air conditioning, facades, windows, etc., must eventually be replaced. When this occurs, the funding to replace these major systems currently comes out of the Maintenance and Repair Budget. As long as the replacement costs are relatively minor (under $500,000) and infrequent, the Maintenance of Buildings program can accommodate these requirements. However, DOS buildings are aging and more major systems are in need of replacement. In 1988 A/FBO began a major condition survey of its posts. By May of 1989, 35 posts had been surveyed. The results indicate that approximately 20% of medium sized posts surveyed require an excess of $500,000 dollars worth of work to bring them up to acceptable standards. The use of the Maintenance program to fund the actual replacement of entire systems, as opposed to repairing them, strains the funding capacity of that program and quickly depletes the limited resources available for the hundreds of special maintenance and minor improvement requirements identified annually.

Facility rehabilitation and support system replacement work is ongoing in nature. For every building that is rehabilitated, another one deteriorates to the point of needing major work. To postpone the replacement of these major systems or to do short term repairs inevitably results in an even more serious problem, one that becomes life or mission threatening. The cost to do replacement or rehabilitation work at that late stage is greater than if the problems were anticipated, programmed and solved on a systematic, planned basis. Given the recurring nature of this requirement and the ability to predict it, a separate budget for

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
FACILITY REHABILITATION AND SUPPORT SYSTEMS
REPLACEMENT PROGRAM - (Continued)

(dollars in thousands)

major rehabilitation and support system replacement is appropriate. With separate funding for these projects the Routine Maintenance and Repair Budget need not be jeopardized, nor will it be necessary to continually push projects off into the outyears, do them in stages because the funding is not available all in one year, or scale them back resulting in a less than optimum solution to the problem.

A separate budget providing for the complete rehabilitation of some facilities and the replacement of major systems at others, is proposed. The enactment of this new program does not reduce the requirement of the current M&R Budget. The amount of maintenance requirements under $500,000 has remained fairly constant over the years, and has always exceeded the budgeted amount.

The projects for which funding is requested in FY 1991 were determined on the basis of condition surveys and FBO Area Management Officers' knowledge of post requirements. This funding category excludes any renovations which may be required for the Post Communication Centers (PCCs) which is budgeted separately. Estimates also exclude FBO project supervision costs which are included in the FBO Project Supervision Program. The system rehabilitation requirements are substantial and the projected cost to implement the backlog of projects to rehabilitate, repair, and replace inadequate facilities exceeds $450,000,000. This budget request represents projects which must be implemented to protect operational security and life-safety of the building occupants.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
FACILITY REHABILITATION AND SUPPORT SYSTEMS REPLACEMENT PROGRAM, (Continued)

(dollars in thousands)

Colombo

The old U.S. government owned chancery building in Colombo, Sri Lanka was acquired in 1949. Subsequently its space was nearly doubled with a 13,000 gross square feet addition. In 1984 a new chancery building was completed approximately one-quarter mile away. The old chancery buildings are badly overcrowded and require major repairs and renovations, including security and fire, life safety upgrades, if they are to continue to be occupied. These buildings are currently occupied by AID and USIS executive offices. The USIS cultural center is in a leased building. They have been notified that the landlord will not renew their lease.

An extensive evaluation of alternatives has determined that the best use of the old chancery buildings would be to move all of the USIS functions into the government owned buildings and move AID into a leased building. AID has identified a suitable building which will be available for occupancy in spring of 1990. As AID moves into its new quarters renovation of the old chancery building can begin. Renovation will most likely take place in three phases. Phase one involves some modest repairs to the ground floor of the building addition to allow the USIS executive offices to relocate there while phase two, renovation of the main building, takes place. Phase three will be the demolition of the addition and site work.

Estimated renovation costs is $2,500,000 including A&E fees and FBO Project Director costs. This will be a totally unclassified building, therefore, no construction security will be required. Under current planning, a portion of the renovation costs associated with USIS program requirements (estimated to be approximately $750,000) will be paid by USIA. The remaining $1,750,000 will be paid by FBO.

	Cost Estimate
Old Chancery	$1,750
Total renovation (elec., mechanical, plumbing, air conditioning, etc.) Demolition of building addition Site work	

FY 1991
FACILITY REHABILITATION AND SUPPORT SYSTEMS REPLACEMENT PROGRAM, (Continued)
(dollars in thousands)

Islamabad

The U.S. government owned chancery building in Islamabad, Pakistan was acquired in 1972. The building is 70,000 sq. ft. in size. Serious cracks in the facade and some structural pillars have appeared and repairs are required to prevent further deterioration of the building. Since these cracks are in the area of the building occupied by the Post Communication Center, security related to the repair work is a major concern. A cleared American contractor with an FBO Project Director and construction security will be required. To take advantage of costly construction security assigned to this project, needed repairs to the roof will be done at the same time.

Due to the serious nature of this project the design phase has been funded out of FY 1989 funds. This will allow construction to begin in early FY 1991. FBO project supervision and construction security will be required.

	Cost Estimate
Chancery	$1,150
Structural Repairs	
Facade Repairs	
Roof Repairs	

FY 1991
FACILITY REHABILITATION AND SUPPORT SYSTEMS REPLACEMENT PROGRAM, (Continued)

(dollars in thousands)

Kinshasa

The U.S. government owned property in Kinshasa, Zaire consists of the chancery, a chancery annex, a warehouse, and about 30 residences to include some apartments and a guest house. The chancery was built in 1952 and contains much of the original wiring, electrical, and plumbing systems. The electrical panels are the old fuse type and are corroded and provide unreliable protection capability. Wiring is exposed and hanging loose, posing a potential hazard. The entire building needs a new electrical system complete with lighting upgrade. The building is cooled through the use of old inefficient air conditioning units. A central system is needed to replace the existing systems. The plumbing system has also outlived its useful life and needs to be replaced. Additionally, the building is showing signs of possible structural problems. A detailed structural evaluation of the facility is needed. It is proposed that the structural evaluation be done first to determine the order in which other projects are undertaken.

The chancery annex also needs a major rehabilitation. This building is almost 10,000 sq. ft. The electrical system need to be replaced. The roof, which is corrugated tin in some places, must be replaced and the facade shows much deterioration and requires extensive work. The windows too must be replaced.

The warehouse actually consists of two identical buildings comprising almost 38,000 sq. ft. Extensive deterioration is evident in both buildings. Most external components, (facade, roof, windows) need major repair or replacement. A drainage problem is resulting in a weakening of the support structure. A new drainage system needs to be installed.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
FACILITY REHABILITATION AND SUPPORT SYSTEMS
REPLACEMENT PROGRAM, (Continued)
(dollars in thousands)

Kinshasa (Continued)

Cost estimates listed below include design, transportation and contingency fees. There will be need for FBO project supervision and some construction security with this project. Those costs are not depicted below. The requirements listed here do not include any work in the PCC.

	Cost Estimate
Chancery	
Rehab electrical	$800
Rehab lighting	390
Replace HVAC	525
Rehab plumbing	250
Structural evaluation	235
Other building rehab	70
	2,270
Chancery Annex	
Rehab electrical	190
Replace roof, windows and repair facade	400
	590
Warehouse	
New drainage system	225
Other rehab	225
	450
TOTAL	3,310

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
FACILITY REHABILITATION AND SUPPORT SYSTEMS REPLACEMENT PROGRAM, (Continued)

(dollars in thousands)

Leningrad

Major rehabilitation projects are required for the Leningrad Consulate Office Building. These projects are necessary to insure the integrity of the Post Communication Center and as such require strict security precautions.

	Cost Estimate
Consulate	$5,790
Facade Rehabilitation	
Heating Plant Replacement	
Sprinkler System	
Electrical Upgrade	
Support System for Floor Slabs	
Security Equipment	

FY 1991
FACILITY REHABILITATION AND SUPPORT SYSTEMS REPLACEMENT PROGRAM, (Continued)
(dollars in thousands)

Post	Project		Amount
Colombo	Old Chancery Building Rehab		$1,750
Islamabad	OBC Facade/Structural		1,150
Kinshasa	Total Post Rehab		3,310
Leningrad	Rehab		5,790
		TOTAL	12,000

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

FACILITY MAINTENANCE ASSISTANCE PROGRAM

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$8,613	$15,264	$22,480

This program provides technical assistance and support to overseas posts in maintaining major building systems for Government owned and long-term leased facilities including but not limited to: heating and air conditioning, plumbing, electrical, elevator, and roof systems. The program includes maintenance inspections, the development of specialized preventive maintenance programs specific to post requirements, and provides hands-on technical support and materials to accomplish maintenance and repair tasks at posts where competent technical assistance is not available locally, or for maintenance of sensitive systems which require cleared American personnel.

Hands on technical support will be provided to East Bloc posts by the East European Maintenance Assistance Center (EURMAC). Mobilization of the EURMAC program which was authorized in the FY 1989 Budget began in October 1989. The maintenance center is located in Paal, Belgium. At the full operating level this activity will include 31 technical and 11 support personnel who will perform routine maintenance and minor repairs for Belgrade, Bucharest, Budapest, East Berlin, Poznan, Prague, Sofia, Warsaw, and Zagreb. The budget request of $5,325,000 will provide funds to support approximately 80 percent of the planned full operational capacity.

The Washington Maintenance Assistance Center (WASHMAC) was established to provide top secret cleared personnel to perform second echelon and higher maintenance for sensitive systems, to train Embassy local maintenance personnel, and for installation and minor rehabilitation of Government owned and long-term leased facilities. Hands on assistance will be provided worldwide for maintenance tasks performed on sensitive systems and on nonsensitive systems at posts where competent technical assistance is not available. This program was authorized in the FY 1988 Budget and at planned full operating capacity will include 40 technical and 15 support personnel. The activity will be located in a leased warehouse operational facility in the Washington area. The request of $7,090,000 provides funds for approximately 80 percent of the planned full operating level, for facilities operations and equipment and supply costs.

FY 1991

FACILITY MAINTENANCE ASSISTANCE PROGRAM, (Continued)

(dollars in thousands)

A global maintenance survey program was initiated in FY 1989 to examine the entire inventory of Government owned and long-term leased facilities and to develop an assessment of building conditions and a prioritization of the worldwide facilities maintenance and rehabilitation workload. Approximately 37 posts have been surveyed to date, 200 remain to be surveyed. The program goal is to complete these surveys during the period FY 1991-1995. The FY 1991 request of $1,000,000 provides for two personnel services contract personnel to coordinate inspection activities and to analyze results, and the cost for inspections at 30 posts.

The Facility Start-up Program initiated in FY 1989 was established as the construction effort initiated by the Diplomatic Security Construction Program has yielded completed facilities. The program includes the development of a building commissioning plan which determines the requirement for maintenance staffing, the development of building operations and maintenance procedures, preventive maintenance systems and schedules, preparation of systems operations manuals, initial spare parts, and systems acceptance testing. The FY 1991 request of $1,465,000 provides for development of comprehensive maintenance plans and obtaining spare parts for facilities in La Paz, Port Moresby, Pretoria, San Salvador, Djibouti, Lahore, and Riyadh.

The product of the Department's Capital Construction Program efforts over the past several years are larger, more secure and more technically complex facilities. Our surveys reveal a large gap between these more complicated maintenance requirements and the technical capability. Security considerations complicate the maintenance effort even if adequate technical assistance is available locally. The Overseas Facilities Manager Program will provide a cadre of professionally trained and experienced building maintenance managers to meet these needs. These individuals will be initially hired on a personal services contract basis and assigned by FBO to posts for an extended tour of duty reporting to the Embassy's administrative chain of command.

The FY 1991 request of $4,000,000 provides for a staffing level of 32 facilities managers and technicians for the following posts: Amman, Ankara, Cairo, Rabat, Gaborone, Georgetown, Lahore, La Paz, Lisbon, Manama, Mogadishu, Nicosia, Port Moresby, Rio de Janeiro, Riyadh, Sanaa, San Jose, San Salvador, Tegucigalpa.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

FACILITY MAINTENANCE ASSISTANCE PROGRAM, (Continued)

(dollars in thousands)

Program Summary, (Continued)

Projects	1989	1990	1991	1992-95	Total
EURMAC	$--	$4,495	$5,325	$26,000	$35,820
WASHMAC	3,697	7,665	7,090	34,000	52,452
Global Inspection	1,699	1,808	1,000	7,300	11,807
Building Commissionings	707	783	1,465	7,835	10,790
Washington Based Support	2,595	4,137	3,594	19,954	30,280
Overseas Facilities Managers	438	1,365	4,000	48,286	54,089
Radon * Detection & Abatement	--	25	6	5,489	5,520
Total Obligations	9,136	20,278	22,480	148,864	200,758
Financing:					
Unoblig. Bal., SOY	-5,527	-5,004	--	--	
Unoblig. Bal., EOY	5,004	--	--	--	
Appropriations Enacted/ Requested/ Required	8,613	15,274	22,480	148,864	

* In FY 1990 and FY 1991 a survey will be conducted to determine the extent to which overseas buildings may be contaminated with radon. Following review of the test results, plans will be developed for abatement efforts in those posts showing the greatest risks to occupational health. When the potential magnitude of the radon problem can be assessed, future year estimates will be revised to incorporate appropriate abatement requirements.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
FURNITURE, FURNISHINGS, AND EQUIPMENT
PRINCIPAL OFFICER RESIDENCES PROGRAM
(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$2,000	$3,961	$4,000

This program provides for the maintenance and replacement of furniture and furnishings for Ambassador's residences, Deputy Chief of Mission residences, and Consul General residences (when they serve as principal officer). Also, included in this program are the costs of the Department's efforts to inventory and restore high valued antiques and artworks maintained in the Department's overseas facilities.

A/FBO has established a schedule to conduct periodic condition assessments, maintenance, and rehabilitation for all principal officer residences. The funds requested provide for a nine year cycle for review and maintenance. The request includes $1,935,000 for scheduled maintenance at 30 residences including furniture requirements for several new (acquired/constructed) residences including Gaborone, Guangzhou, Kigali, and Mogadishu. A/FBO must also respond to necessary unscheduled repairs and replacements, the FY 1991 request provides $1,300,000 for this purpose.

A/FBO maintains a stockpile of representational china, glassware, and silver. $590,000 is requested for the acquisition and shipment of these representational items, kitchen utensils and holloware. This request provides for cost increases which are included in supplier contracts.

With the assistance of a private sector art/antique appraiser who has donated professional services to the department, A/FBO has inventoried high value antiques and artwork maintained at our overseas facilities. The FY 1991 request provides $50,000 for a continuation of the inventory effort and for restoration of antiques and artwork. Also included is $125,000 to provide insurance coverage for loaned art under the Art in Embassies Program.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

FURNITURE, FURNISHINGS, AND EQUIPMENT FOR NEW OVERSEAS AMERICAN POSITIONS

(dollars in thousands)

Program Summary

Projects	1989	1990	1991	1992-95	Total
Art/Antique Inventory.	$31	$50	$50	$825	$956
Representational Items	436	583	590	2,622	4,231
Equipment/ Ongoing Maintenance	755	1,762	1,300	11,000	14,817
Scheduled Replacement	1,714	2,803	1,935	11,265	17,717
Art in Embassies Program	125	125	125	528	903
Total Obligations	3,061	5,323	4,000	26,240	38,624
Financing:					
Unoblig. Bal., SOY	-2,203	-1,362	--	--	
Reimbursements	-220	--	--	--	
Unoblig. Bal., EOY	1,362	--	--	--	
Appropriations Enacted/ Requested/ Required	2,000	3,961	4,000	26,240	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

APPLIED ENGINEERING & TECHNICAL TRANSFER

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$750	$495	$500

Specialized security provisions continue to add substantial costs to basic building construction, and will present future special maintenance problems. The objective of the applied Engineering and Technical Transfer Program is to develop practical and cost effective design and construction solutions to these unique overseas building requirements. This program will attempt to identify innovative cost saving products, procedures, ideas, and technologies within the design and construction disciplines.

The Pre-engineering office building concept is illustrative of the objectives of this program. Innovative design and construction approaches have resulted in significant cost avoidance.

The FY 1989 appropriation provided $750,000 in the initial year for this program. Presently, eleven studies are underway. A majority of these studies concentrate on the structural components which harden facilities to sustain terrorist bomb and vehicle ram attacks. These studies will determine whether our current criteria exceeds the minimum standard to effectively protect our facilities and personnel. We are also examining the alternatives available for construction of roof systems that will allow changes in roof mounted specialized equipment without undertaking major renovation to the roof structure. In FY 1990 $500,000 has been requested to examine radio frequency shielding requirements and to develop design standards for office building components.

The FY 1991 request of $500,000 will provide for continuing studies in the structural, architectural, and electrical engineering disciplines. Specific study areas will address a continuation of blast protection, radio frequency shielding requirements with special concentration toward window and door shielding, examination of electrical power systems and compatibility with the overseas environments, and exterior facades. Studies will also be conducted to determine appropriate approaches for maintenance, installation, and design of ballistic glazings and RF shielding.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

APPLIED ENGINEERING & TECHNICAL TRANSFER, (Continued)

(dollars in thousands)

Program Summary

Projects	1989	1990	1991	1992-95	Total
Total Obligations	$348	$897	$500	$9,890	$11,635
Financing:					
Unoblig. Bal., SOY	--	-402	--	--	
Unoblig. Bal., EOY	402	--	--	--	
Appropriations Enacted/ Requested/ Required	750	495	500	9,890	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

FUNCTIONAL PROJECT SUPERVISION

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$6,944	$5,181	$6,170

The program provides for direct project support including salaries, post allowance, benefits, rents, utilities and operating expenses for construction management activities. The on-site construction management staff office consists of a project director, mechanical, electrical, and structural engineer, and one staff assistant. This program is directed toward the projects that are financed from the A/FBO functional program budgets, and include post communication center rehabilitations, seismic and energy retrofits, power support projects, and large rehabilitation and systems replacement projects. Project Supervision expenses for large capital construction are budgeted as a component of the capital program.

The FY 1991 estimate of $6,170,000 for project supervision support for fifty projects including PCC upgrades, UPS installations, Physical Security upgrade and other minor improvement and special maintenance projects. The budget outyear estimates provide inflationary increases necessary to sustain current program levels.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

FUNCTIONAL PROJECT SUPERVISION, (Continued)

(dollars in thousands)

Program Summary

Projects	1989	1990	1991	1992-95	Total
Total Obligations	$2,116	$13,839	$6,170	$27,318	$49,443
Financing:					
Unoblig. Bal., SOY	-3,830	-8,658	--	--	
Unoblig. Bal., EOY	8,658	--	--	--	
Appropriations Enacted/ Requested/ Required	6,944	5,181	6,170	27,318	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

PROGRAM MANAGEMENT

(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$15,400	$9,208	$11,500

FY 1991 is the final option year under the contract awarded to a private sector program management firm referred to as the Embassy Task Group (ETG), that provides technical support in the management of the capital program.

The budget request of $11,500,000 provides for continuation of construction management, design and contract administration support for the capital project program. In FY 1991 ETG will assist in the construction management efforts for the following projects: Amman, La Paz, Pretoria, and San Salvador.

ETG will assist in the completion of design and the award of construction contracts for the following projects: Bangkok, Bogota, Cairo II, Caracas, Istanbul, Khartoum, Lima, Santiago, and Tunis.

ETG will support the design efforts for the Algiers OBC, which at the end of FY 1991 will be at 35% completion.

The Embassy Task Group will expend approximately 180,000 work hours in support of the design and construction management and related project management efforts which are included in this request.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

PROGRAM MANAGEMENT, (Continued)

(dollars in thousands)

Program Summary

Projects	1989	1990	1991	1992-95	Total
Total Obligations	$16,065	$11,612	$11,500	$50,787	$89,864
Financing:					
Unoblig. Bal., SOY	-3,069	-2,404	--	--	
Unoblig. Bal., EOY	2,404	--	--	--	
Appropriations Enacted/ Requested/ Required	15,400	9,208	11,500	50,787	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

CONSTRUCTION SECURITY

(dollars in thousands)

The Omnibus Diplomatic Security and Antiterrorism Act of 1986 and Foreign Relations Authorization Act, Fiscal Years 1988 and 1989 Title 1, Part C, Sec. 160, authorized the Department to establish and maintain a construction and transit security program. The program developed by the Bureau of Diplomatic Security in response to the Congressional mandate provides, in accord with the threat level, for the protection of the construction documents, the construction site, the construction materials and certain items going into the Controlled Access Area of U.S. Diplomatic facilities.

The FY 1991 estimate of $65,000,000, to be derived through reprogramming of unobligated capital program fund balances, will cover the cost of cleared American guards, (CAG), construction surveillance technicians (CST), transit security (TS), security equipment costs, and Washington support of the overseas activities. Appropriate security support will be maintained at 28 construction or renovation projects.

The potential for hostile intelligence services to implant surreptitiously eavesdropping equipment during the construction or renovation process requires the presence of CAG's, CST's, and TS at each site. The resources assigned depends upon the established technical threat level of the individual site and the complexity of the project and its duration.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
CONSTRUCTION SECURITY
(dollars in thousands)

Program Summary

Projects	1989	1990	1991	1992-95	Total
Total Obligations	$--	$--	$65,000	$285,681	$350,681
Financing: Unoblig. Bal., SOY	--	--	--	--	
Reprogramming	--	--	65,000	--	
Unoblig. Bal., EOY	--	--	--	--	
Appropriations Enacted/ Requested/ Required	--	--	--	285,681	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

ADMINISTRATION

(dollars in thousands)

Program Summary

Projects	1986	1987	1988	1989	1990
Total Obligations	$8,768	$14,701	$18,850	$27,953	$30,192
Financing:					
Unoblig. Bal., Start of Year	-881	-9,747	-9,624	-12,352	-5,399
Reprogramming from Capital Program Balances					-4,000
Unoblig. Bal., End of Year	9,747	9,624	12,352	5,399	--
Appropriations Enacted/ Requested/ Required	17,634	14,578	21,578	21,000	20,793
Supplemental Appropriation	$10,765				

	1991	1992-95
Total Obligations	$29,812	$130,576
Financing:		
Unoblig. Bal., Start of Year	--	--
Unoblig. Bal., End of Year	--	--
Appropriations Enacted/ Requested/ Required	29,812	130,576

FY 1991
ADMINISTRATION, (Continued)
(dollars in thousands)

1989 Enacted	1990 Estimate	1991 Request
$21,000	$20,793	$29,812

The Administration program budget provides direct support for all A/FBO activities including the salaries and benefits for all Civil Service and Foreign Service personnel, costs of the personal and professional service contract staff, travel, telecommunications support, office space rental charges, printing and reproduction, automatic data processing operations, maintenance and systems development, litigation support, staff training programs, office supplies, and equipment.

Appropriations for the Administration program have remained at $21.0 million for the past three years. The program has been able to sustain operations by drawing on unobligated balances from the Diplomatic Security Construction supplemental appropriation. Delays in recruiting and hiring additional staff members authorized by the Diplomatic Security Construction Program in FY 1987 as well a concurrent delays in procurement of office space and equipment allowed this program to operate without further budget adjustment through FY 1989. During FY 1990, carryover unobligated balances are insufficient to fund current operational requirements and must be augmented by reprogramming $4.0 million from capital program balances.

The FY 1991 request provides funding for current authorized direct hire and personal services contract positions and related support. On a current obligation basis, there is a slight reduction from FY 1990 to FY 1991. The estimate includes the cost for the onboard direct hire and personal service contract staff and current authorized vacant positions which are considered with a 25% lapse, and other recurring support expenditure.

FBO uses its authority to hire personal services contractors to bridge the gap between authorized direct hire positions and the lead time to obtain position classification approvals and to complete the recruitment and clearance process for new direct hire positions. In addition, FBO uses its authority to augment the direct hire work force to meet variable workload and to staff functions such as the Fire Safety and Hazard Control division, where experience has demonstrated that the nature of the work, technical skills, and historical turnover of personnel mitigate against direct hire staffing.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
A/FBO POSITIONS
FULL-TIME PERMANENT AND PERSONAL SERVICES CONTRACTS

	1986	1987	1988	1989	1990	1991
			Authorized Positions			
Direct Hire	298	298	298	298	298	298
Personal Services Contracts	53	90	140	192	162	192
Total	351	388	438	490	490	490
			Employment			
Direct Hire	134	137	195	224	222	298
Personal Services Contracts	53	90	140	192	187	187
Total	187	227	335	416	409	485

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
OBJECT CLASS REQUIREMENTS

Obligations and Financing
(dollars in thousands)

Object Class		1989 Enacted	1990 Estimate	1991 Request	1991 Inc. over 1990
11.00	PERSONNEL COMPENSATION...	$26,565	$27,552	$28,017	$465
12.00	PERSONNEL BENEFITS.......	3,283	3,405	3,443	38
21.00	TRAVEL AND TRANSPORTATION OF PERSONS...............	4,963	6,120	6,334	214
22.00	TRANSPORTATION OF THINGS...................	940	1,676	1,800	124
23.00	RENTS COMMUNICATIONS AND UTILITIES............	94,130	85,374	97,863	12,489
24.00	PRINTING AND REPRODUCTION	141	142	145	3
25.00	OTHER SERVICES...........	61,324	100,810	112,529	11,719
26.00	SUPPLIES AND MATERIALS...	31,330	31,972	33,100	1,128
31.00	EQUIPMENT................	9,218	6,851	4,000	-2,851
32.00	LANDS & STRUCTURES.......	114,204	578,420	296,615	-281,805
TOTAL REQUIREMENTS..............		346,098	842,322	583,846	-258,703
REIMBURSABLE OBLIGATIONS........		58,048	64,600	58,500	-6,100
TOTAL OBLIGATIONS...............		404,146	906,922	642,346	-264,576

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991
OBJECT CLASS REQUIREMENTS, (Continued)

Obligations and Financing
(dollars in thousands)

Object Class	1989 Enacted	1990 Estimate	1991 Request	1991 Inc. over 1990
FINANCING:				
REIMBURSEMENTS/ PROCEEDS OF SALES	-$58,048	-$64,600	-$58,500	-$6,100
UNOBLIGATED BALANCE START OF YEAR	-920,941	-814,928	-266,071	
UNOBLIGATED BALANCE END OF YEAR	814,928	266,071	--	
ADJUSTMENTS IN UNEXPIRED ACCOUNTS	-64	--	--	
APPROPRIATIONS REQUESTED ENACTED/ PLANNED	$240,021	$293,465	$317,775	
ADJUSTMENTS:				
UNOBLIGATED BALANCE TRANSFERRED, NET	--	51,152	--	
PUBLIC LAW 99-177 SEQUESTER.	--	3,483	--	
APPROPRIATIONS REQUESTED ENACTED/ PLANNED	240,021	348,100	317,775	

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

FY 1991

PROCEEDS OF SALES

(dollars in thousands)

1989 Actual	1990 Est.	1991 Est.	1992-95 Est.	Total
$10,700	$4,900	$2,000	$8,000	$25,600

The FY 1989 actual proceeds of sales was for the sale of residential housing in Singapore, Singapore.

5010b

MOSCOW NEW EMBASSY OFFICE BUILDING

FY 1991

SUMMARY STATEMENT

(dollars in thousands)

1991 Request	
Positions	Funds
--	$270,000

I. Summary

Proposed for later transmittal is an estimate for $270,000,000 to fund the design and construction of a new embassy office building in Moscow, U.S.S.R. The Department's formal request and supporting detail will be provided after conceptual design work and refined cost estimates are completed.

II. Current Programs

The new Embassy complex in Moscow encompasses eight buildings totalling approximately 750,000 square feet. Seven of the eight buildings have been completed and occupied since 1987. The eighth building, the New Office Building (NOB), totalling approximately 165,000 square feet remains 65% complete after construction was halted in August, 1985. Funding for design and construction of the eight-building complex totalled $192,100,000 from FY 1977 until FY 1986.

III. 1991 Plans

To provide urgently needed new facilities for the U.S. Embassy in Moscow, the Department proposes to request full FY 1991 funding for the teardown and rebuilding of the existing new office structure. The request will include funding for all aspects of the project including basic construction costs, associated security costs and other administrative expenses. The Moscow project is the responsibility of the Moscow Embassy Buildings Control Office (M/MEBCO), reporting directly to the Under Secretary for Management and the Assistant Secretary for Administration.

GENERAL STATEMENT

Mr. SMITH. We have here to support the request Ivan Selin, Under Secretary of State for Management, and Arthur Fort, Assistant Secretary of State for Administration.

How do you want to proceed, Mr. Selin?

Mr. SELIN. Thank you, Mr. Chairman. I have submitted a written statement. I would like to go through a shorter version of an oral statement.

Mr. SMITH. All right.

Mr. SELIN. Then we will put ourselves at the disposal of the committee for questions.

You already introduced Mr. Fort. I would also like to call your attention to Mr. Dertadian, the Deputy Assistant Secretary, who is the head of the Office of Foreign Buildings Operations, and Carl Christenson, who is the director of the Moscow Embassy Control Office.

Today, building on the discussion of management issues which took place at our hearing last week on the S&E account, I would like to explain some of the reforms that were put in place over the past year in the Foreign Buildings Program and explore with you some ideas for resolving the continuing property-related problems. Then at the end of my statement, I will describe our plans for reconstructing a new office building in Moscow.

I think the first point I would like to make is that there is a severe need for reform in property issues. After a year on this job, I am now even more convinced that property management issues are among the toughest in my portfolio. Perhaps because they are so hard and because the benefits and penalties don't show up for many years, property issues have been treated for far too long as unloved step-children. Whenever the Department's programs have come under budgetary pressure, we deferred or delayed our capital maintenance programs. As this committee knows full well, we are now paying a serious price for these years of neglect.

On the other hand, all is not doom and gloom. We are now taking property issues very seriously. If we can work together with the Congress and apply ourselves with persistence and diligence, I am sure we will see steady improvement across the board.

Last week, I outlined some of my general approaches to management issues. Almost everything I said then also applies to the management of our foreign buildings account. But in addition, there are three specific courses of action which the State Department plans to pursue and which, with the support of the Congress, can promote dramatic improvements.

The first is accountable leadership. I am committing to identifying skilled project managers and giving them clear authority over all relevant bureaus, not just over the FBO Bureau, for their specific projects under the day-to-day guidance of the inspiring and experienced construction leadership of Art Fort. Our goal is to make these project managers accountable for building secure, modern buildings on time and on budget.

The second course of action is long-term priority planning. We are submitting with this budget a comprehensive multi-year list of priorities which we are in the process of turning into a building plan to set clear priorities for our projects. We must have made good progress towards this goal.

The third is flexible capital funding, which I will talk about at somewhat more length and which is discussed in some detail in the written statement. We need to develop, with congressional support, sustained sources of long-term funding for our overseas capital program. We have a certain amount of money that we can count on with reasonable confidence and plan a program within those figures.

Mr. Chairman, we understand that to earn your Committee's continuing support, the State Department must demonstrate that our reforms are delivering the goods, and that we must put up some earnest money by first squeezing our own resources, including the wise use of unobligated balances and reprogrammings. I think we are doing so. We have current plans underway to use some of our most highly appreciated assets more rationally in order to increase the rate at which we construct and renovate major projects.

In the past two years before this Committee, Department officials have expressed concern about the aging of our building inventory and our growing needs for capital construction and the maintenance and rehabilitation of these aging buildings. We have buildings with systems that are beyond the end of their useful life and need major overhaul or replacement. We also have a backlog of embassies which need security upgrades.

In recognition of these long-term needs, our fiscal year 1991 budget request includes a five-year projection of our requirements for the construction and maintenance of buildings abroad. We haven't fit these requirements into likely funding for the future years. This is the first step; effectively, the unfunded requirements. And then we have to talk with you, with your staffs, look at the new construction needs, and fit this in to see how much we can afford.

Nevertheless, we will require innovative approaches to funding our overseas construction program. We are working actively with other elements within the administration, including OMB, on a plan that we hope to include in our fiscal year 1992 budget request. Our goal is to achieve, with the help of this committee, a joint commitment to sustained funding levels for the construction program.

Towards this end, we are considering a variety of funding options. One element, assuming we can convince the Congress to grant the necessary authority, would be to adopt multi-year contracting for new capital projects. This could help us match project funding to construction schedules, to undertake more projects sooner, to make better use of our fund balances, and to minimize inflationary cost increases.

Recognizing the appreciation in the value of our properties, we are exploring additional ways to finance construction, including the leveraging of high value selected overseas properties, and also expanded private sector financing. In addition, as part of our effort to assess and improve the FAAS system, we hope to examine capital cost-sharing so that other foreign affairs agencies which benefit from State's investment in the overseas building program will share some of the costs as well.

While these approaches can help, they will not by themselves provide the funding levels needed in the out-years. That will require your continuing help through the annual appropriations process.

Let me now turn to our program funding request. The Department's fiscal year 1991 request for $318 million in new obligational authority represents a net decrease of $30 million from the fiscal year 1990 funded level.

I would like to give you a brief overview of the program in ways that may be of interest to your Committee, Mr. Chairman. The $56.5 million of new obligational authority requested for the capital program will mainly fund ongoing projects. Initiating our capital funding approach to construction projects, we are introducing for the first time a separate line item in the capital program for site acquisition and design development. We propose that sites be acquired and designs developed in advance so that construction costs can be accurately estimated before we come to the Congress and ask for construction appropriations. In fiscal year 1991, we are requesting $13.5 million to initiate this site acquisition and design development program.

In the 1986 to 1989 period, we completed 11 major facilities. We expect to complete 12 additional facilities by this year's end and five facilities in calendar 1991. In calendar 1991, we will probably start construction at six major sites. Since 1985, $1.1 billion has been appropriated under the capital program, the so-called INMAN program. By the end of fiscal year 1991, we will have essentially eliminated the unobligated balances.

In response to the dramatic developments in Eastern Europe, we plan to exercise previously negotiated options on properties in Berlin through the use of reprogramming. The balance of our funding request goes towards ongoing operational activities.

At $95.8 million, the overseas leasehold program remains one of the largest components in our ongoing operations budget. We continue our efforts to control and minimize future cost growth in leases by purchasing when economically feasible and practical, as we are hoping to do on an accelerated basis in Berlin.

The facility rehabilitation and support system replacement program is a new initiative designed to systematically renovate and replace building support systems. We plan a step-by-step prioritized effort beginning in fiscal year 1991 with a budget request of $12 million to initiate four major rehabilitation projects.

Last year, we started the overseas facilities manager program which provides experienced building professionals to manage new office buildings and to protect our capital investment. The 1991 request includes $4 million to continue this program, providing facilities managers and technicians at 19 posts.

Under the recent transfer of construction security programs from the Bureau of Diplomatic Security to the Bureau of Administration, we have a fiscal year 1991 funding requirement of $65 million. We expect to meet this through reprogramming of previous balances. We are exploring the options to do so, which we will be discussing with you during the course of 1991.

In addition to these management reforms, we will also be implementing in the coming year a number of specific cost control measures. I have instructed the Bureau of Diplomatic Security to develop clear and effective security standards which will not only be threat-driven and post-specific but cost effective. As you are very well aware, one of the major contributors to the cost of new construction is the degree to which we have to meet security considerations.

In order to better control changes in cost to our capital program, all agencies involved in a project will be expected, after thorough consultations with us, to sign acceptance of the design plans at the 35 percent completion level. After that, they are on the record, and subsequent change requests which impact scope or budget will not be allowed unless there are compelling safety or security reasons for doing so. In other words, we won't allow changes after that simply because the agency has decided that they would like to do their job in a little different fashion.

We continue to explore the use of pre-engineered buildings for low- and medium-threat posts. A generic design has been completed and is being adapted for Port Moresby in 1990. Based on further assessment of our experience with this concept, we intend to use a portion of our systems acquisitions and design program funding request to adapt this generic design for its second installation, which would be Abidjan in the Ivory Coast.

A major reassessment of our housing standards is underway to facilitate improved oversight and management of the worldwide residential program. In other words, there is a major amount of activities, some from the top down, some on the detail level, to try to get much better planning, much better financial visibility, and some cost controls into our extensive program.

I don't propose to speak any more about the general FBO program. I prefer to leave that to your questions. But I would like to take a few minutes to review where we stand with the new office building in Moscow, if you don't mind.

As you know, this is an expensive program and a controversial one. We know that your Committee has concerns about the project. But as Secretary Baker made clear in his meeting with you last week, the administration attaches high priority to resolving this program and to obtain secure, suitable working facilities in Moscow, appropriate to the importance of the bilateral relationship and to the new opportunities and challenges we face in that part of the world.

In 1989, the Congress asked the new Bush administration to restudy the Moscow buildings issue. We have done so, and as the Secretary told the Committee on March 7th, the administration, including the intelligence community, is united behind the teardown/rebuild decision. I would like to reaffirm that the administration is actively seeking congressional support for our decision. Assuming we can begin construction promptly, it will take about five years and cost up to $270 million to complete.

In February, I notified key congressional committee chairmen that we planned to reprogram $2 million of unobligated balances. We continue to believe it important to move forward with the next stage of design efforts in parallel with our negotiations on related property issues. I also undertook to provide the committees with information needed to consider our proposal to dismantle and rebuild the NOB on its current foundations.

Mr. Chairman, I know that you are concerned that the dramatic internal changes taking place in the Soviet Union may so fundamentally affect the relationship that the space might not continue to be the optimum space.

We take these concerns very seriously and are updating our interagency review of space need projections. In fact, we are not looking at the NOB alone. We are looking at it as part of a three-prong program. One is secure space in the new office building; the second is retention of the existing office building for the current unclassified uses; and the third is a set of new buildings, in part on land which Ambassador Salgo is pursuing in his negotiations for other future uses.

We are certain that whatever the nature of future changes in the Soviet Union may be, we need up-to-date secure space in which to work on sensitive issues, and our need for such space will not be markedly reduced. In fact, we are concerned that the short-term security and safety renovation, made with this committee's generous support in the EOB, cannot suffice indefinitely. Nor do these renovations provide anywhere near the secure space needed even now, let alone tomorrow.

In sum, regarding our space needs, I can assure you that our plan will make it possible for us to meet the requirements of all major space categories, with the key step being action to meet our urgent need for the hard-to-obtain secure and sensitive space by rebuilding the NOB.

In our consultations with this committee, we have also been asked on many occasions why can't we save the unfinished NOB. We have looked at this option very seriously. I am convinced that it is not the right question.

Technology has evolved a great deal since we developed the NOB design in the early 1970's, making many improvements in many areas possible. And on the other hand, congressionally mandated physical and technical security standards have changed since the NOB was first designed. Finally, our investment in the actual construction of the NOB, as opposed to the studying, maintaining, and securing the unfinished hulk, is about $22 million. Our studies show that it would cost almost as much in additional funds to finish it off as usable unclassified space—for instance, as a commercial or cultural center.

Security would suffer if we tried to use this for public space since it would give Soviet citizens and other third-country nationals access to our new embassy complex. Moreover, Commerce and USIA, the two agencies with the greatest potential increased need for public access in Moscow, have told us that they don't want to use a reconfigured NOB for such purposes. They don't want to be on the compound with their public space.

The good news is that the unfinished NOB is on the best location for a secure U.S. Government office building in Moscow. When the NOB is dismantled, it will provide foundations which can support the load for a full-size office building. And we do know how to make a building on that site secure.

For all of these reasons, we are convinced it would be a mistake to pursue these other options. But even more so, we are concerned that trying to do so would just defer to the indefinite future any decision at all on funding a secure building in Moscow. At the same time, we are well aware that you are concerned—and, in fact, I am very concerned—about the $270 million price tag for this project. One of the reasons the costs seem so high is that because of the thorough study we have done, we have been able to include, I think, all the cost factors in our forecast; certainly many more cost factors than included in past studies.

For instance, we have included all the security costs which amounts to 40 percent of the construction, some of which were not included in the past.

We are aware that questions have been raised about our cost calculations, and so we are trying to provide you the information you asked for, which I believe will allay your concern about the calculations. For our part, we are afraid that if we don't meet the construction schedule, costs will continue to rise inexorably.

In sum, this is the most thoroughly prepared foreign building project that has ever been presented to the Congress. We think we have come up with the most feasible option. It is not terrific, but none of the options are terrific. And we think this is the right building on the right site, and, therefore, we seek your support for the decision. We will continue to work with your committee and others so that we can proceed as soon as possible to provide up-to-date secure space in Moscow.

Mr. Chairman, I thank you for your patience with this statement, and I put myself and my colleagues at your disposal for questions.

[The information follows:]

DEPARTMENT OF STATE
FY 1991 APPROPRIATIONS HEARINGS

STATEMENT OF
IVAN SELIN
UNDER SECRETARY OF STATE
FOR MANAGEMENT

ON

THE ACQUISITION AND
MAINTENANCE OF BUILDINGS
ABROAD APPROPRIATION

BEFORE

THE HOUSE COMMITTEE ON APPROPRIATIONS,
SUBCOMMITTEE ON THE DEPARTMENTS
OF COMMERCE, JUSTICE, AND STATE,
THE JUDICIARY, AND RELATED AGENCIES

MARCH 20, 1990

Chairman and Members of the Committee:

I appreciate the opportunity to appear before you today to discuss the Department of State's FY 1991 budget request for the acquisition and maintenance of buildings abroad appropriation.

The Department is requesting $317,775,000 for the FY 1991 capital program and ongoing operations of the Office of Foreign Buildings operations. This amount represents a net decrease of $30,325,000 from the 1990 appropriated level of $348,100,000. We have also included in the 1991 budget request $270 million for the construction of a new embassy office building in Moscow which I will discuss at the end of this statement.

Today, building on the discussion of management issues which took place at our salaries and expenses hearing on March 13, I would like to outline my thoughts on how management of the foreign building program relates to our overall management approach. In so doing I will review some reforms we have put in place over the past year and describe some ideas for resolving continuing problem areas. Finally, I will outline our specific plans for the coming fiscal year.

After a year in this job I am more convinced than ever that the issues related to property management are among the toughest in this business. Perhaps because they are so difficult to resolve and because the benefits and penalties routinely don't show up for years, property issues have been treated consistently over the years as unloved step-children. Whenever the Department's budget and operational programs came under budgetary pressure we deferred or delayed our capital and maintenance programs. As this committee knows better than any other in Congress, we are now paying a serious price for years of neglect.

On the other hand, all is not doom and gloom. We are now taking property issues seriously. If we can work together with the Congress and apply ourselves with persistence and diligence, I am sure we will increasingly see impressive results in this field.

On March 13 I outlined some of my general approaches to management issues when I appeared before you to discuss our salaries and expenses account. Almost all of the directions I outlined have direct effect on the management of our foreign buildings account. But in addition, there are three specific paths which State Department management plans to follow which, with the support of the Congress, can promote dramatic improvements. These are:

--Accountable leadership: I am committed to identifying skilled project managers and giving them clear authority over all relevant bureaus for their specific projects under the day-to-day guidance of an inspiring and experienced construction manager like Art Fort. Our goal is to make these project managers accountable for building secure, modern facilities on time and on budget.

--Long-term priority planning: it is also imperative that we develop a comprehensive multi-year building plan which sets clear priorities for our projects. But we must make sure that the priority list and the planning system buttressing it are flexible enough so that we can respond to the type of dramatic changes we are experiencing today.

--Flexible capital funding: finally, we need to develop, with Congressional support, sustained sources of funding for our capital program so that we can build more projects and avoid the frustrating problems posed for all of us by start-stop construction and the resulting accumulation of unobligated balances in our building account. One idea we are exploring actively within the Administration would be a system like that used in some other agencies which could provide for incremental, multi-year funding of our priority projects.

Mr. Chairman, I am well aware that for us to earn your committee's support, we must demonstrate that the reforms we are able to implement are delivering the goods, and we need to show our good faith by squeezing initial investment money out of our own resources including the wise use of unobligated balances and reprogrammings. We are doing so and, as I will explain below, we have current plans under way to use some of our highly appreciated assets more rationally in order to increase the rate at which we construct and renovate major properties.

The Management of our Foreign Buildings

I would like to turn at this point to a discussion of the current management situation in the Office of Foreign Buildings Operations (FBO) and address some of our recent initiatives.

Let me first say that today FBO is a vastly different organization than it was a few years ago. I have been encouraged by the competence of the organization, their achievements in recent years, and their ability to meet schedules given very difficult operational conditions and limited staffing. Nevertheless, I recognize that there is room for improvement. We are presently embarking on a number of management initiatives to further enhance the FBO operations and build on the already initiated management improvements.

-- Overseas security is vital and is a substantial portion of our overseas building program. I have instructed the Bureau of Diplomatic Security to develop clear and effective standards that will be threat-driven and post-specific, taking into account all aspects of physical and technical security. The standards, once determined for a specific site, will be applied to the construction project by the Bureau of Administration. Diplomatic Security will monitor compliance during construction and prepare appropriate certifications of the building prior to occupancy. This process is being implemented in close cooperation with our Office of the Inspector General.

-- Two years ago a program management system was established in FBO with individual project managers being responsible for effective management of project schedules and cost. This program management system is now being extended to a full life-cycle management system that will encompass all aspects of the process from project initiation to completion. We are presently working to better define the role of project managers and give them the resources needed to get the job done and done right--and of course to make the managers accountable for the progress of their projects.

-- In order to be able to better control changes and the resulting additional costs of our capital program, we are presently instituting a configuration management system. The system will establish a base line of requirements at the beginning of the project and introduce a control board to review and approve or disapprove proposed changes in executing schedules, scope, and cost. As a matter of policy, all agencies involved in the project will be informed of the 35 percent design plans and, after consultation with the Department, expected to sign acceptance of the plans. After that point, change requests that impact project scope or budget will not be allowed unless there are overwhelmingly compelling safety or security reasons for doing so.

-- The present budget climate makes planning of facilities critical. We are, therefore, concentrating our efforts on facilities master planning and related real estate functions as a means of institutionalizing a rational and logical approach to managing our real property assets. We are contracting for real estate consultant services to provide real property studies and develop options for the highest and best use of our property assets overseas. We also intend to draft facilities plans for all posts worldwide. Plans will start out on a broad basis and will become more detailed and complex as we move closer to construction, property evaluation, or other definite action.

Mr. Chairman, we have made considerable progress in many areas of the overseas construction program, but we feel that concerted action is needed to address the significant issues we continue to face.

A Look Ahead

The past two years, in testimony before this committee, Department officials have expressed their concern over the aging of our building inventory and the lack of systematic programming to provide both for new capital construction requirements and the maintenance and rehabilitation of our existing buildings. We have a large number of facilities abroad with building systems that have well passed the end of their useful life and need major overhaul or replacement. we also have a backlog of buildings overseas which need security upgrades.

In the budget request before you, we have included for the first time a 5-year capital requirements projection as part of the acquisition and maintenance of buildings abroad program which reflects a longer term view of what we need to accomplish in the coming years. Of course, these projected needs are subject to change, particularly as we develop our multi-year building plan for priority projects. Nonetheless, these requirements underscore the need for us to develop sustained sources of funding for our building programs.

As I mentioned in the introduction to this statement, we believe that to improve long-term management of our overseas properties we must seek a basic change in how the Congress funds our overseas construction program. We hope to present the Congress soon a proposal to provide for predictable, sustained funding level for the construction program. Ideally, we hope to have Administration approval for a plan to include in our FY 1992 budget request. Towards this end, we are actively considering the options available to us:

-- Assuming we can convince the Congress to provide us with the necessary legislative authority, we could adopt multi-year contracting starting in FY 1992 for new projects not previously funded, and for funded projects scheduled for construction contract award after FY 1992. Multi-year contracting would match annual project funding to the construction schedules and allow us to undertake additional projects, minimize the build up of unobligated balances, and avoid inflationary costs by speeding up our program.

-- We have already taken a step in that direction by requesting in FY 1991 separate funds for site acquisition and design that allows us to take the essential initial steps on high priority projects without having all construction funds in hand. Assuming that our initial experiences with this concept meet our needs, we plan to request separate site and design funding for all future major projects. We are confident such an approach will work because it has been used successfully for a number of years by the Department of Defense and other agencies for their capital construction programs.

-- Recognizing the appreciation in the value of our properties, we are looking into ways to finance construction by leveraging -- via commercial development, lease-back, trade or sale -- the high value of underutilized property at a number of overseas posts. Private sector financing may also present some opportunities for acquiring housing or other facilities. In addition, as part of our effort to assess and improve the functioning of the FAAS system, we hope to examine capital cost-sharing so that other foreign affairs agencies which benefit from State's investment in the overseas building program will share some of the costs.

While these approaches can help, they will not by themselves provide the funding levels needed in the out years where we will, of course, continue to need your support.

Budget Request for FY 1991

I would like to give you an overview of this request by presenting the status of our capital program, our leasehold program, and the major areas of our operational activities. I would also like to share with you our recent management improvements and initiatives as well as significant issues we continue to face in managing our foreign buildings program.

Capital Program

Reflecting the Administration's concern over the federal deficit, we are not requesting funds for any new major project starts in FY 1991 except for the Moscow NOB which is being treated as a separate item. We are, however, asking for a total of $56,481,000 of capital program funds mainly to continue ongoing projects. This request includes $8,917,000 to acquire office furniture and security equipment for ongoing projects entering the construction phase, $3,050,000 for project supervision, and $13,000,000 for security projects and related activities at overseas facilities occupied by AID, Commerce, and the United States Information Agency.

In addition, this year we have introduced a separate line item under the capital program for site acquisition and design development. As you are aware, since 1985 the embassy program has been financed on a full-funding basis. The full-funding approach requires forecasts of many unknowns, such as the cost of construction well before the site purchase and determination of actual design requirements.

With separate funding for site and design, project sites will be acquired and concept designs will be developed in advance so that construction costs can be much more accurately estimated and time-phased before the construction budget is presented to Congress. In FY 1991 we request funding of $13,569,000 to initiate designs of buildings in Abidjan, Jerusalem, and Tel Aviv.

As I stated in my previous testimony, one inherent difficulty in the timing of the federal budget process is that requests must be formulated far in advance, which means that on occasion adjustments can be required as early as this stage where we begin defending our program publicly before congressional committees. The pace of change in Europe is a perfect example of this process. For example, the capital program request before this Committee included $9,445,000 for our ongoing staff housing rehabilitation program in Bonn, West Germany, and $8,500,000 to purchase a compound site in Berlin which is currently under lease.

However, as we recently notified the Committee, we amended this request to reflect the dramatic developments in this part of the world. We plan to move forward immediately to exercise previously negotiated options on properties in Berlin by reprogramming funds from the unobligated balances currently committed to the rehabilitation of the chancery in Bonn. We also intend to complete the ongoing work on the Bonn Plittersdorf housing complex, but will put on hold the rehabilitation of additional units programmed in the pending budget request. We are also assessing site acquisition and design of other high-priority projects like Abu Dhabi, Budapest, and Panama.

Overseas Leasehold Program

The Overseas Leasehold Program remains one of the largest components in our ongoing operations. $95,792,000 is requested for the net requirement of this program. This request includes a base restoration of $9,123,000. That amount was transferred in FY 1990 from the FBO appropriation to other foreign affairs agencies accounts, in anticipation of the expanded FAAS program, and must be restored to assure continuation of leasehold payments vital to the conduct of U.S. Government programs overseas. We are continuing our efforts to control and minimize costs of overseas leases, to seek opportunities to convert leases into owned property as well as purchase new properties when economic analysis and budget availability supports such actions.

Other Operational Programs

Our funding request balance of $137,690,000 provides for ongoing operational activities and reflects program efforts directed toward improving the safety, security, efficiency, and economy of operations in our overseas facilities. At this point I would like to highlight briefly the nature of some of these operational activities:

-- The facility rehabilitation and support system replacement program is a new funding initiative designed to systematically renovate and replace the building support systems within our aging inventory of government-owned and long-term leased facilities. Last year we began a major effort to determine the condition of our buildings by conducting systematic post facility surveys. Some 57 posts have been surveyed to date and the FY 1991 request of $1,000,000 will provide for the continuation of the survey program. Based on initial survey data, it is clear that we are going to face a very large, long-term need which in current dollars could be as large as $450,000,000 for systems replacement and major repairs. We are not going to let the size of the mountain deter us from making a concerted step-by-step effort. Therefore, our budget request for 1991 provides $12,000,000 to initiate high-priority rehabilitation projects at Colombo, Islamabad, Kinshasa, and Leningrad.

-- The maintenance assistance centers program is expanded to provide additional operating capability. The budget request of $22,415,000 will enable us to provide hands-on maintenance and minor repairs support with cleared Americans to Eastern European posts from our maintenance center located in Paal, Belgium. The second maintenance center, located in the Washington area, provides cleared American technical personnel for support of posts in the other geographical regions.

-- Last year we started the overseas facilities manager program which provides a cadre of trained and experienced building professionals at new office buildings to manage these complex facilities and protect our capital investment. These individuals are assigned to the post for an extended tour of duty. They report to the embassy's administrative officer and ultimately to the ambassador. To date we have placed facility managers at seven new office buildings and feedback from posts is very positive. The FU 1991 request of $4,000,000 will continue this program and provide for 32 facility managers and technicians at 19 posts.

Construction Security

-- While diplomatic security will continue to set standards and oversee compliance, the financing and implementation of security-related construction programs has been transferred to the Bureau of Administration. I notified you of this transfer in my reprogramming letter of September 15, 1989. Construction surveillance, transit security, and construction site-security programs will require a program level of $65,000,000 in FY 1991. We will soon be looking at various options meeting this need by reprogramming funds contained in our FY 1991 capital program. We will, of course, work closely with you on this funding plan as are plans evolve.

-- In FY 1991 we are funding all public access control (PAC) construction from the foreign buildings appropriation. In the past, although our standards did not differ, the funding for these projects was split between the diplomatic security program and foreign buildings program. We are consolidating funding to improve management efficiency and control of the overall program. Actual construction will be managed by the Bureau of Administration while Diplomatic Security will continue to set the standards and priorities. A total of $10,700,000 has been requested for security upgrades of our overseas properties for FY 1991.

-- Under the remaining functional programs we will continue our efforts to identify hazardous conditions in our overseas buildings, carry out abatement efforts to remove asbestos and transformers containing PCBs, and identify structural weaknesses in facilities located in high seismic activity locations. The fire and life-safety programs will continue with inspections, training, and installation of alarm and fire suppression systems to provide for life safety and minimize property damage should fires occur.

-- The emphasis of the energy conservation, power support, and communication center renovation programs will be on improving security, efficiency, and economy of operations. Also, under the maintenance of buildings program, funding will be provided for the continuing maintenance, repair, and minor improvements of government-owned and long-term leased facilities worldwide. Finally, under the Administration Program, our funding request will provide for current authorized direct hire and personal services contract and related support.

Cost Control Measures

-- We continue to explore the use of pre-engineered buildings (POB) for low- and medium-threat posts. These are buildings that are constructed with a standard system design. The buildings are constructed on site using components which have standard features. We expect to realize savings in design and construction time over present conventional methods. A generic design package was completed in August 1989 and is being site-adapted for a prototype installation at Port Moresby, scheduled to begin in 1990.

Under our FY 1991 site acquisition and development program we are requesting funds to adapt the generic POB design for Abidjan, based on lessons learned from the Port Moresby project. Assuming that our actual experience with this concept meets our requirements, we have identified a number of other posts where pre-engineered buildings could be installed.

-- As you are aware, we have begun a major reassessment of our housing and space standards to facilitate proper oversight and management of our worldwide residential program. Our intent is to run this program on a cost-effective basis by simplifying implementation and improving oversight and enforceability of housing policies. We will have incorporated the recent recommendations of the GAO on overseas housing. Our ability to manage the housing program has been enhanced by recent passage of legislation granting us the authority to establish housing policy and standards for all agencies overseas.

-- The basic elements of our approach are elimination of representational housing as a category; establishment of space authorizations solely on the basis of family size and rank; standardization of space measuring criteria; and establishment of housing profiles for each post to match demographic trends with the post's housing inventory. Our ability to manage the housing program will be enhanced by Public Law 101-246, February 16, 1990, Section 156, which grants the Secretary of State the authority to establish the housing policy and standards for all agencies overseas.

Highlights of the Current Program

Mr. Chairman, I would like at this time to address the status of our ongoing capital projects and other areas that may be of interest to the Committee -- including the issue of our unobligated balances:

-- We currently have 47 capital and major rehabilitation projects under way consisting of 19 projects in construction, 17 in design, and 11 in site acquisition.

-- In the 1986-89 period, we completed 10 major facilities including chanceries in Cairo, Dhaka, Gaborone, Mogadishu, Muscat, Riyadh, and San Jose. We expect to complete 10 additional facilities by this year's end and 5 facilities in calendar 1991.

As you are aware, since 1985 a total of approximately $1.1 billion has been appropriated to date under the capital program, most of which was received in the FY 1985, FY 1986, and FY 1987 time frame. Through January of this year we have obligated approximately $500 million. By the end of FY 1990 we will have obligated an additional $200 million, and in FY 1991 we plan to obligate another $350 million, essentially eliminating the unobligated balances. We know that this is of concern to the Committee. Assistant Secretary Fort and I are committed to using these balances wisely and expeditiously but, once we do so, we will need your support to provide additional funding as described earlier in my statement.

We plan to continue using reprogramming prudently as a tool in funding high priority projects. In FY 1989 we reprogrammed $28.9 million to assure continuation of ongoing projects and we plan to request reprogramming of about $26 million this fiscal year. In FY 1991 we anticipate reprogramming a total of $86 million for ongoing projects and for the construction security program discussed earlier.

Let me also remind the Committee that assuming Section 614 can be repealed soon, which we are working with you to bring about, we will need to take advantage of the provision contained in our 1990 Appropriation Bill in which $51.2 million was authorized to be transferred from capital program unobligated balances to the Department's salaries and expenses appropriation.

Moscow NOB

We do have one very special building problem overseas which I want to review with you -- our urgent need to obtain Congressional approval to construct a secure, new office building in Moscow. This is an expensive program and a controversial one. We know that and we understand this Committee has concerns about the project. But, as Secretary Baker made clear in his meeting with you, the Administration attaches high priority to resolving this problem and obtaining secure, suitable working facilities in Moscow appropriate to the importance of the bilateral relationship and to the new opportunities and challenges we face in that part of the world.

In 1989 the Congress asked the new Bush Administration to restudy the Moscow buildings issue. We have done so extensively and diligently. Secretary Baker reiterated to the Committee on March 7, 1990 that the Administration, including of course the intelligence community, is united behind the tear down/rebuild decision.

On the occasion of this hearing, I would like to reaffirm that the Administration is actively seeking Congressional support for its decision. Assuming we can begin construction promptly, it will take some five years and cost up to $270 million to execute.

In February I notified key Congressional Committee Chairmen that we planned to reprogram $2.0 million of unobligated balances originally appropriated for the construction of the Moscow Embassy compound to undertake partial design work. I explained why we believe it is important to move forward with the next stage of design efforts in parallel with ournegotiations on related property issues. I also undertook to provide the committees with information needed to consider our proposal to dismantle and rebuild the NOB on its current foundations.

Mr. Chairman, I know that you as well as some other members of Congress are concerned that the dramatic internal changes taking place in the Soviet Union may so fundamentally affect U.S. Government space needs in Moscow, especially for public access space, that you question whether we should proceed at this time with our NOB building plans.

We take these concerns seriously and are, on an urgent basis, updating our inter-agency review of space-need projections for the immediate future and for the decade ahead. This revised study will be ready to share with you soon.

Right now, however, we are certain that whatever the nature of future changes, our needs for up-to-date, secure space in which to work on sensitive issues are clearly defined and will not be reduced.

It is also absolutely clear that the US/Soviet relationship, while changing in many aspects, will remain a complicated and vitally important one. Therefore, we will face new opportunities and challenges which means we simply cannot afford to continue operating in Moscow under the severe physical constraints caused by our current facilities.

Regarding those facilities, I must add that we are concerned that the short-term security and safety renovations made to the old embassy building, with the much-appreciated support of this Subcommittee, cannot be expected to suffice indefinitely. Nor do they provide anywhere near the secure space needed now -- let alone in the period ahead.

Regarding our space needs, I can assure you that our plan is an integrated one that will make it possible for use to meet our requirements for all three major categories of space. Our urgent need for hard-to-obtain secure space will be provided in the rebuilt NOB. Meanwhile, we are confident that the ongoing property talks, which are going well, should result in the acquisition of property to satisfy longer-range needs, like increased housing, and should permit us to retain the ideally located existing old building for public service functions.

In our consultations with this Committee we have also been asked on many occasions why can't we save the unfinished NOB? We have looked at this option very seriously and have become convinced that this is the wrong question and that it would be wasteful to try to salvage it.

Technology has evolved a great deal since we developed the NOB design in the early 1970's making improvements possible in many areas. In addition, congressionally mandated physical and technical security standards have also changed since it was designed.

Financially, our investment in the actual construction of the building -- as opposed to studying, maintaining, and securing the unfinished hulk -- is about $22 million. Our studies show that it would cost almost as much in additional funds to finish it off as usable unclassified space. For example, to leave the entire building standing while finishing the first four floors of the NOB in order to provide 48,000 sq. feet of unclassified office space would cost $17.5 million dollars. Other options, which would provide more space or which would involve reconfiguring the nob to convert it into housing units or a public access facility, would cost more.

Therefore, we are convinced that, despite the understandable desire to "save" the NOB, it would be a false economy since we should be able to build or procure unclassified space -- whether for offices, housing, or public access facilities -- more directly elsewhere at less cost.

In addition to these extra costs, we have also determined that, because of its structural layout, the new building could only be reconfigured for very small apartments and that these apartments would use more electrical power than is available.

Meanwhile, we have very real operational security problems with trying to adapt the NOB for public use purposes, e.g. as a commercial or cultural center, since that would involve constant access by Soviet citizens and other third-country nationals to our new embassy complex. Moreover, agencies such as Commerce and USIA with public access needs in Moscow have recently told us very specifically that they do not want to use a reconfigured NOB for such purposes.

The good news is that the unfinished NOB is on the best location for a secure United States Government office building in Moscow. When the NOB is dismantled we will already have in place foundations which can support the load for a full-size office building and a fully adequate utility network. In addition, we know how to make a building on that site secure.

On the other hand, building new secure facilities elsewhere in Moscow -- even right next door -- would greatly increase the cost, the time required for completion, and the uncertainty which our construction effort would be subjected to.

For all of these reasons we are convinced that it would be a mistake for U.S. agencies operationally and for the nation financially for us to pursue any of these other options. Frankly, we are also concerned that to pursue these other options will just defer to the indefinite future any buildable decision which could provide our nation with urgently needed secure space in Moscow.

All the same, we are well aware that you are concerned about the $270 million price tag for this project. One of the reasons the cost seems so high is that because of the unusual nature of this project and the thorough study backing up the decision-making process we have been able to include so many cost factors in our forecast. For example, we have even included all security costs, some of which have historically not been project-funded.

We are aware that questions have been raised about our cost calculations last week. We are confident in the methodology used and are preparing additional information which I believe will allay your concerns. For our part, we fear that if we are not allowed to meet our well thought out construction schedule, it is clear that costs will continue to mount inexorably with each month's delay.

For example, we know that until we begin construction it will continue to cost us about $500,000 per month to maintain the unfinished new building, to provide security at the site, and to run the MEBCO operation in Washington and Moscow. We also conservatively estimate that at least another $800,000 per month must be added to the ultimate cost of the building due to inflation.

In sum, I believe this is the most thoroughly prepared foreign building project we have ever submitted to the Congress. We think we have come up with the most feasible option for putting up the right building on the right site and therefore we seek your support for the tear down/rebuild decision. And we will continue to work with your Committee and others so that we can proceed as soon as possible to provide up-to-date secure space in Moscow.

CONCLUSION:

Mr. Chairman, I appreciate the opportunity to inform you of the real property situation overseas, and I will be working with this Committee to address some of the problems we are facing over the next few years.

You would agree with me that the employees and families of the foreign affairs agencies serving overseas are there to protect our vital national interests. They are entitled to safe, secure, functional, and well maintained offices and residences. With this Committee's continued support, we can do more in the months and years to come.

Again, I thank you for your time and I stand ready to answer any questions you might have.

MOSCOW NEW EMBASSY BUILDING

Mr. SMITH. Well, Mr. Secretary, I have a number of other questions, but since you finished up on Moscow, I will just have a couple on that.

Mr. SELIN. Yes, sir.

Mr. SMITH. It seems like you are changing the definition of secure unclassified space. Unclassified space was never intended to be only that used for cultural purposes and things like that. Unclassified space has always included consular services, those kinds of things. I'm talking about things you have to do every day.

Mr. SELIN. Yes, sir.

Mr. SMITH. You are changing the definition of unclassified space now to try to indicate that that only includes cultural purposes and things like that. Where did that come from?

Mr. SELIN. I am sorry I gave that impression. We expect to continue to do consular affairs plus activities to support the Arms Control delegations and a number of other things out of the Embassy office building. And as you know, our retention of the EOB is a major part of our negotiating position.

Mr. SMITH. But where do we get this idea that if we finish the existing new office building for unclassified purposes, that it will only be used for the purposes you have indicated?

Mr. SELIN. Well, we would not use it for consular affairs.

Mr. SMITH. Why?

Mr. SELIN. Because the EOB is a more appropriate place. We would put the money in there. We need the total amount of space. It has good access to the street. You can come around to the EOB without having to pass the hard line to get applications.

There is a trip next week where your staff will get a chance to see it.

Mr. SMITH. Well, suppose you took it down to the foundations. What would you use the bottom four floors for?

Mr. SELIN. We would use it for what is called sensitive unclassified purposes—administrative, personnel, financial management—items which, first of all, would not require access of casual visitors from the Soviet Union. They would be done mostly by American employees. They would be items which individually would not be classified, but which collectively would be things we would like at least to have some amount of privacy to carry out. So there are really three kinds——

Mr. SMITH. Well, if you did that, how much more privacy would you have than you would if you finished off the floors as they now exist?

Mr. SELIN. It would be about the same privacy. We could certainly use the building for sensitive unsecured information. But there would be a lot of space to be used for sensitive information. We don't need eight stories of a building to do——

Mr. SMITH. No, but you can use four.

Mr. SELIN. Yes, sir. But my point was that if we used those four floors for the sensitive unclassified material, we still need to meet the needs of USIA and Commerce someplace else, and we would still need to meet the needs of the classified space someplace else.

Mr. SMITH. Well, that is the idea. You said you are going to build new buildings on the new ground that we are getting. That is where you would—I suppose there or next door—put up the classified secure space.

Mr. SELIN. If we did not build the classified space on this foundation, the next least bad option would be to move next door on the new space and build a classified building from scratch. That is correct.

Mr. SMITH. Smaller than the existing building?

Mr. SELIN. There is some question about that. One possibility would be to build a smaller building, and one possibility would be to build a building that would look very much like the building we would like to build on this space. The arguments for and against I think are a little sensitive. I would prefer to discuss those in closed session if you don't mind.

The point I was trying to make is that we don't have particularly good uses for eight stories of unclassified space in the middle of the——

Mr. SMITH. No, you don't today. But rather than tear it down, you can finish whatever you need today and let the other stand there. It's got a roof on it. It's got good sides on it. It's a good-looking building, and you will be needing it.

Mr. SELIN. We will need all the buildings we can get. There is no question.

Mr. SMITH. In the future. The whole demand is changing over there.

Just one more thing, but I will ask most of my questions in closed session. But the $270 million you said seems so high. What I am hearing is it isn't high enough.

Mr. SELIN. Mr. Chairman, I have heard that said over and over again, but I know more about the cost estimates than anybody else who may be giving you such information. I don't have the power to legislate the future costs, but I can assure you of several things.

Number one is that we have a management plan designed to implement our program. It is not just an estimate that is made wildly. The man who is responsible for the estimate is behind me. He is the man who will have to carry out the project within those costs.

Number two, this is as conservative a cost estimate as the Department has ever made for a foreign building that has come up before your Committee.

Number three, it includes all of the items directly related to the new building, not just the construction costs. The construction costs are on the order of $100 million.

Number four, we have the concept firmly in mind of "designed to cost", not "designed to spec." By that I mean when we put out the design, if the estimates for the construction come outside of the bounds that we are talking about, we will scale down the estimates and send them back out again, and not accept higher costs.

Number five, as you have pointed out so correctly yourself, the major reason that costs exceed estimates is not usually the incompetence of the managers, but the unwillingness of the tenants to stand by their previous points. We don't intend to allow that to happen. As I mentioned, we are working thoroughly with all the tenants, the classified and the unclassified tenants. They are participating in their design. Their representatives work for Mr. Christenson. They will sign off on the design specification before it goes out to bid.

Mr. SMITH. Well, just for example, what are you using for the dollar cost per hour of labor, construction labor?

Mr. SELIN. Carl?

Mr. CHRISTENSON. Approximately $50 an hour, sir.

Mr. SMITH. That is what I have been told.

Mr. CHRISTENSON. Presently, we are paying $34.11 an hour to Bechtel workers who are working on the EOB.

Mr. SMITH. All right. You are paying $34. They are entitled to 72 hours a week, double time for over 36.

Mr. CHRISTENSON. Sixty, sir.

Mr. SMITH. Well, I have been told that you can't expect people to go over there and stay three months unless you give them 72-hour weeks. Is that wrong?

Mr. CHRISTENSON. Yes, sir. That is incorrect.

Mr. SMITH. I was told that by a fellow that represents one of the biggest contractors overseas.

Mr. SELIN. Well, Mr. Chairman——

Mr. SMITH. And that is just an example of why your figures are way low. It is going to be closer to $200 an hour that it is going to cost you over there.

Mr. SELIN. Our estimate is based on actual experience. The vice president for Bechtel, Admiral Monroe, is coming to see me this afternoon. I know you are concerned. I am specifically going over with him the experience we have had in the EOB to assure ourselves that it is $50 an hour, it is $100,000 a year in direct costs for labor.

Mr. SMITH. Well, one reason that I am not very excited about that statement is that we were originally told EOB was going to be $12 million, and we end up spending $36 million.

Mr. SELIN. That is an apples-and-oranges comparison, Mr. Chairman. The specs have changed. We have done things in the EOB we had not expected to do.

Mr. SMITH. You even cut back. It would have been $48 million if you hadn't cut back. You stopped it. I mean, you said it had gone far enough.

Mr. SELIN. Yes, absolutely.

Mr. SMITH. Otherwise, it would have been $48 million, not 36.

Mr. SELIN. It is very hard for me to convince anybody who hasn't spent the time I have on this. I can tell you that there are serious questions, legitimate questions about whether we should be spending this much money on this kind of an embassy. I can also assure you that if we are permitted to go ahead with this plan, that we can deliver this system for this much money. You have to satisfy yourself. But I am an experienced business manager; I spent a lot of time——

Mr. SMITH. Well, it is going to be hard to satisfy me that your estimates are right when you use $50 an hour because I have been told by these people that you have to give 72 hours, give double time for over 36, and then you have all the expense to take them over there, bringing them back.

Mr. Selin. The expenses are not included in the $50 an hour.

Mr. Smith. They are not included?

Mr. Selin. No, sir. That is the compensation for the workers.

Mr. Smith. Then you have got to have somebody to watch each one of them over there.

Mr. Selin. Oh, all of that is separate from the $50 because that is somebody else's time. The $50 is the direct payment per hour per worker. In addition, we have their expenses; we have the security; we have the supervision. Those are all separately costed, Mr. Chairman. That is one of the reasons the security costs are so high.

Mr. Smith. It is terrible. So any additional work you do that doesn't produce any results is wasted money. That is, the point of tearing down some pillars and then rebuilding them again the same way is—well, anyway, we will have some more questions.

Mr. Selin. We are preparing the work you asked us to prepare that shows the detail on the cost as well as the alternative space request.

PORT MORESBY PRE-ENGINEERED BUILDING

Mr. Smith. You said something about Moresby. How is that project?

Mr. Selin. It is pretty good. It is not perfect. It is the first time we have tried to build a pre-engineered building, and there are some problems that we would have preferred not to run into. The original estimate was for $11.3 million. It now looks that construction costs might come in as high as $14 million. A large part of that is a special problem in Port Moresby, but one that is not relevant to pre-engineered office buildings in general. It is a serious dispute about whether the contractor, an American contractor, has to pay over $2 million in taxes to the Papua New Guinea Government. This was not something that we had expected. We have some significant hope that he won't have to pay those taxes, but it is an unresolved question. That is the biggest single contributor to the change.

Mr. Smith. But are we getting experience there that we can use other places?

Mr. Selin. Yes, sir. We are very pleased from an engineering point of view with the way the project is going. It is everything that you have been pushing for, Mr. Chairman. It is for medium- and low-threat posts. It is a much more modest security package, a modified inner core concept, where we have delineation between that which is sensitive and that which isn't. But it is not whole separate floors. It is a modular approach to putting in the building, not the structural members. Those have to be different for each country. But once the structure is up, the modules that go in are designed and are working out. We will be able to put the building up on schedule with a very inexperienced, under-educated work force. The project is on schedule.

Mr. Smith. On schedule?

Mr. Selin. Yes, sir.

Mr. Smith. What is the schedule?

Mr. Fort. We expect to award that late this summer or fall, Mr. Chairman, when we get the final notice to proceed.

Mr. **Selin**. And to finish the project by the end of calendar year 1991. We see no reason we can't.

SITE ACQUISITION, DESIGN AND DEVELOPMENT

Mr. **Smith**. You mentioned acquiring sites and developing them in advance.

Mr. **Selin**. Yes, sir.

Mr. **Smith**. Is that for all projects?

Mr. **Selin**. Yes, sir. The way things currently work is we have to come up to you today and say we are thinking of building an embassy in Place X. We don't have the site; we don't have the design; but it is going to cost $36.2 million. And we ask you to appropriate those funds. This is not really very good management.

What we now wish to do is to be allowed to come up and say the design, the site acquisition, site preparation and design for this building would be $6 million for this hypothetical example of a $36 million building. We would ask you to appropriate the $6 million. We would have a five-year plan showing the additional $30 million to complete. But before we come back to the Congress for authority to build the building, we will have the site acquired and the design done to the 35 percent level.

Mr. **Smith**. That is more efficient than the way we are doing it?

Mr. **Selin**. It is more efficient in many ways. First of all, it is more efficient in that we don't ask the Congress to commit funds until there is a real design document up there. If it turns out that a design is going to be a lot more expensive, it gives us a chance to go back and redo the design. The second is it lets us get out of this question of unobligated balances. We don't obligate funds for a specific project far in advance of the time that we will need it. The third, once you have approved a program for a year, you can be quite sure that is the program for a year, instead of having a massive amount of reprogrammings that we have today.

MULTI-YEAR CONTRACTING

Mr. **Smith**. Well, now, you are also talking about this multi-year contracting and making down payments on projects instead of the full amount up front.

Mr. **Selin**. That is correct. This is the first step. This is a step which is useful by itself even were we not to get approval of a multi-year contracting approach. The multi-year contracting approach would go a step further, following the policy that is used, for instance, in the Corps of Engineers, which says we give you a five-year plan in which the projects are all there, but we only ask you to appropriate and we only obligate the amount of money that we need a year at a time, so that we don't have a large amount of money appropriated which is not obligated.

Mr. **Smith**. Well, what happens in the second and third year if there isn't enough money to cover the installments?

Mr. **Selin**. Well, there has to be a general understanding about the level of construction that we plan and some general support from the Congress and the OMB to support those programs. But essentially what happens today if we don't have enough money, we squeeze out one project and reprogram funds for a second project.

Mr. **Smith**. See, what has happened in some of the other subcommittees in the last three years, we have been so short of money that we have made down payments on more projects than we can now finance in the second and third years.

Mr. **Selin**. That is correct.

Mr. **Smith**. And there is no room whatever for some new projects that are badly needed.

Mr. **Selin**. That is correct.

Mr. **Smith**. We are liable to get into that situation again.

Mr. **Selin**. Well, the main problem in that happening, I believe, is not because of the financing mechanism. In fact, the financing mechanism is hurt. Let me readdress that.

There are two problems. One is: Can we get our plans right? Can we get a building program where the costs are properly estimated? But it is not just a question of estimates. It is also a question of building up our capability to deliver to those estimates. And I think we have made, in all modesty, great steps forward in the last year in strengthening the project managers and the coordination with the agencies.

Then the second question is to make sure that money is available. What happens today I am sure is a very great surprise to the people who appropriated the funds in 1985 and 1986. But what happens today is FBO is just looked at as a bottomless bank account. And so even though the money has been appropriated for the projects, because of the difficult financial environment, we don't get much support from the OMB and sometimes from the Congress. We are told: "You have all these unobligated balances; why don't you spend them for these programs?"

Mr. **Smith**. Well, it is better, maybe, that they don't understand how we are doing it than it is the other way around. You have more bills to pay than you are going to have money to pay them.

Mr. **Selin**. What we intend to do, with the concurrence of a number of people, is for fiscal year 1992—we are not asking any irreversible commitments in 1991 on the incremental funding—but for fiscal year 1992 is to come up with a five-year building, capital construction and renovation plan, a real plan at a relatively constant level of spending to ask for the appropriations for the first year of that plan with——

Mr. **Smith**. Well, let me tell you what our difficulty is in dealing with appropriations. In comes somebody and they want to add to the list. It is only another $50,000 this year. It may be $5 million next year, but it is just $50,000 more this year. It is awful hard to say no. And this goes on in other committees, and we have got those down payments in those first years and the last three years built up where there is absolutely no room to move. You can't even make the additional years' payments on some of those projects.

Mr. **Selin**. I understand that.

Mr. **Smith**. That is the difficulty on appropriations with that approach, where we have done like we have, pay up front.

Mr. **Selin**. This may sound very strange, but I believe the great strength of the multi-year funding, the incremental funding, is the ability to look at a five-year plan as a real plan. Right now we don't have a five-year plan. We just have a series of projects.

Mr. **SMITH**. Well, then, do you make all your plans for the five years in one year? What about changes in circumstances the next years?

Mr. **SELIN**. Well, we would set out a five-year plan that says in the second year we would have two new starts; we don't know which of the three designs we would bring into the new starts. In other words, we know we have enough money for two starts; we have three designs; we will see which of them are most useful at that point. For extreme cases, we still would have the reprogramming.

Mr. **SMITH**. All right. Well, I am taking too much time on the first round.

Mr. **SELIN**. Well, it is a very important topic.

ASSETS RATIONALIZATION

Mr. **SMITH**. One more question before I yield.

Mr. **SELIN**. Yes, sir?

Mr. **SMITH**. What about the possibility of swapping some of our most valuable properties where we could very adequately be served by something——

Mr. **SELIN**. I am very pleased that you brought that up. That is an integral part of our plan. What I called—it is a very unfortunate phrase—"the rationalization of assets." Basically, it means that we have a lot of properties which either we didn't need after we bought them or they have appreciated so much that it is no longer economic to use them for our current requirements.

In 1991, we have a program. We have requests for proposals for appraisal services as part of an overall program to look at six major sites. We have started already. The first place we are looking is at Singapore. We believe that we will be able to recoup about $83 million or $85 million from the sale of some properties, reinvest $60 million in Singapore and have $23 million left to finance projects in other places. Starting in 1992, we have major areas—Frankfurt, Tokyo, Bangkok, et cetera—where we will be looking at very expensive, valuable properties. Today we would not put that much capital into building buildings on those projects for those purposes. So why should we keep all of those properties as is?

When I said in my statement that we have to make the first payments ourselves, we can't expect the Congress just to keep pouring in money, this is exactly what I am talking about. We specifically have targets in 1991 for Athens, Bangkok, Frankfurt, Manila, New Delhi, and Tokyo to do a full facility plan. In Bangkok, we have properties that have ducks and ponds on them in the third most expensive real estate market in the world. It doesn't make sense. That is not good use of the Government's assets.

Mr. **SMITH**. Well, now, for example, in Tokyo and Singapore, we would never spend that much money, what you can get out of those properties back in that country. You wouldn't need to.

Mr. **SELIN**. No, sir. I said in Singapore, which is a modest example, we can recoup about 30 percent of the investment.

Mr. **KOLBE**. Will the gentleman yield?

Mr. **SMITH**. Yes, sir.

Mr. Kolbe. I was just in Singapore in January, and was at the Embassy talking to our people there, and they were pointing out we acquired that property a long time ago when it was still a colony of Britain. The Singapore laws now do not permit foreigners, including embassies or governments, to own land.

So we would have to lease land.

Mr. Selin. Those are 99 year leases.

Mr. Kolbe. That is as good an arrangement, as far as you are concerned, rather than actually owning the property?

Mr. Selin. No.

But we do not have the option to own the land, as you point out Congressman. We could——

Mr. Kolbe. Except for what we own; we do own it right now.

Mr. Selin. we are talking about 99——

Mr. Fort. Congressman, it is a terrific site. Did you see the site out between the Brits and Australians? Ideally located for our needs. We have a bargain rate $3.5 million, for 99 years, below the market value for the leased property and it serves our needs well.

And our assessment is that we can build there, to meet our long-term needs. As you know, we plan to use the proceeds from the property that the residences are on to build a new residence on other property that we own. The appraisal, the assessment study, that we have will give us advice on whether we should sell or long-term out-lease. The current residence is among those properties which we will be disposing of.

All-in-all it is an excellent situation for us.

Mr. Selin. On the specific point, we give 99 year leases to foreign embassies in Washington that use our international center. But on a broader sense, let me just sketch the problem.

We are spending money; we are obligating new funds at about $530 million a year for the FBO program, thanks to the unused INMAN balances. Our appropriations, have been running, however, at about $300 million a year.

We cannot run even a moderately successful program at that lower level. We cannot expect to come to the Congress and just get an addition of almost 60 percent in new obligational authority every year starting in 1992.

A major part of our program is to squeeze these assets that generate enough cash so that you collectively will feel that we are doing our share, not just asking the people of the United States to put up new revenues.

Mr. Smith. It is a good thing that we appropriated that $1.2 billion before we got into such a squeeze.

But my real concern is—it is a procedural one, I guess—when you sell something, under all of the laws we operate under, if you do not watch out the money goes into the general Treasury and you never see it again.

Mr. Selin. No, sir.

Yes, and no. FBO has the authority to keep the proceeds of sales. It is one of the very few federal agencies that does.

What we are concerned about, Mr. Chairman, is that some unnamed committees might reduce our new appropriation dollar-for-dollar from the proceeds. And that is why I want to make sure——

Mr. **Smith**. Well, that is the next pert. As soon as it goes in there, they say, oh he has got a lot of unobligated funds here.

Mr. **Selin**. But that comes back to the key point, Mr. Chairman.

We must have the time to sit down with you and your staff and the other committees and work out a five-year construction and maintenance plan; to convince you that we really do need these monies.

And then say, we will make a major contribution to the funding through these innovations I have discussed.

Mr. **Smith**. I do not think that the troubles of this subcommittee, as much as it is us trying to explain to others, including when we are on the floor, but anyway it is easier said than done, but I think it is a good idea.

Mr. **Selin**. Thank you.

Mr. **Smith**. But you have got to figure out a way to do it, but it is not going to be easy.

Mr. **Selin**. I am a little bit like Mr. Smith Comes To Washington; I can use all the help I can get on how to explain this in ways that makes sense to other people.

Mr. **Smith**. Mr. Rogers?

Mr. **Rogers**. Whatever we do is better than what we are doing now. I think this slush fund, this so-called slush fund that we have now where you come and notify the Chairman that you want to reprogram X number of dollars for X purposes is really slipshod. It is really a terrible way to spend public dollars.

A minimum of oversight, a minimum of congressional input; I just think that whatever we do has to be better than what we are doing now.

Now, would the five-year plan, not have the force of law? I assume what you are meaning is that you would come and informally gain the approval of the appropriating subcommittees?

Mr. **Selin**. No, sir.

It is a little more than that. This is, as I am sure you know, Mr. Rogers, I was in DOD in the early 1960's, when we first introduced the five-year financial planning, to the Federal Government.

And the idea is that as part of our budget request for fiscal year 1992, we will present a five-year plan. As you go into the out-years, there would be wedges in that plan that say, "new projects," These would ultimately be chosen among the several that are under design. At the beginning not every dollar in the fourth and fifth year would be specifically tied to a specific project.

But we will present the five-year plan the first year, which will be the budget request and it will call for on the order of $500-to-$550 million per year. That five-year plan will be part of the record.

We will be asking you to appropriate, however only the first year of that five-year plan. But you will have the plan in front of you and when we come up to ask for a reprogramming, because there has been a change, you will have the five-year document to compare it with, rather than just being struck out of the blue with a request for new funding.

Mr. **Rogers**. I understand that.

What I am saying is, the five-year plan that you submit, that plan is never approved by the Congress in any fashion?

Mr. **Selin**. No, sir.

Mr. **Rogers**. Except in each year that you request monies?

Mr. **Selin**. That is correct.

Mr. **Rogers**. But you would not be asking us or any other committee to approve it in advance.

Mr. **Selin**. No, it is a one-sided commitment. We will say to you, this is our plan, this is what we are working from.

Mr. **Rogers**. Whatever you want to is fine with us. I happen to think it is a good idea, but that is your business if that is the way that you are going to operate it. If you are going to draw yourself a five-year program and then come to the Congress and say, here is what we would like to do with the next five years, we would like the first year monies." I think that is what you should have been doing 25 years ago.

Mr. **Selin**. Amen.

Mr. **Rogers**. At least we will have something before us that shows us where the tunnel is going out there. Now, as it is, we are in the dark. Occasionally, somebody lights a match and we look at that match until it burns out and then somebody else lights a match and we never know whether the tunnel is going to be illuminated. At least you get a sound program.

But, as I understand it, you would not be seeking the approval of the authorizing committees or this committee for every element of the five-year plan in advance?

Mr. **Selin**. No, that is correct.

But we would be trying to get an informal understanding that this is the level of total obligations that we are talking about. If the committee felt that it was a wholly unacceptable level, we certainly would like to get that feedback before we started on the plan, at that level of spending.

Mr. **Rogers**. Well, projects of the Corps of Engineers, which you mentioned, operate differently. Because the Congress authorizes major public works projects, such as a dam, which takes 21 years to complete. We may approve the total budget authority for that project, in one year and then appropriate each year's installment as required, over many years.

Mr. **Selin**. That is true, but there are many programs, not usually dams, but there are many building programs that are both authorized and appropriated a year at a time. For instance, the Voice of America transmitter in Bangkok, which is done on an annual appropriation.

Normally when the Corps builds buildings, they are done on an annual appropriation, without asking the Congress to commit to a long-term authorization.

Mr. **Rogers**. Well, that is my point.

You are not suggesting that we adopt the approach used for Corps projects?

Mr. **Selin**. No, sir.

We are asking for an annual authorization and an annual appropriation with a forecast of where that project goes and how it fits into the other projects and we come back every year for the next section of spending against that project.

Mr. **Fort**. There are some similarities, Congressman Rogers, but our project should be of a shorter duration. We should be able to predict a three-year or a four-year outlay. I think when we ask for the authorization of the first appropriation, for each new start, we will lay out for you an execution plan or an outlays plan for that project.

So there are similarities with what the Corps does, but it is much shorter term.

Mr. ROGERS. Well, I hope you do not copy everything the Corps does, because they are, by far, not perfect.

Mr. SELIN. We decided not to ask the Corps to build our buildings for us, but to get some of the best people we can from the military construction program, like Admiral Fort and Captain Christenson and adapt it to our needs.

Mr. ROGERS. Well, whatever you do is better than what we are doing now, and congratulations on that.

Mr. SELIN. Thank you, sir.

I do not believe that is a demanding enough standard to set for ourselves. [Laughter.]

Mr. ROGERS. We would like to see your plan, but do not ask us for more than one year at a time.

Mr. SELIN. No, sir.

ACQUISITION, DESIGN AND DEVELOPMENT

Mr. ROGERS. Now, the capital projects request that you have presented, and your proposal to change the way that you go about projects—first funding the design and site acquisition costs——

Mr. SELIN. Yes, sir?

Mr. ROGERS [continuing]. Without appropriating the budget authority for the whole project, that is a step in the right direction.

I have got a question, though, or concern that we would be asked to approve site acquisition and design monies, without having any idea of what you are driving for in the final analysis.

For example, we would be asked to spend $2 million for site acquisition and design work, let us say, and the total project will eventually cost $12 million. We do not have any idea, in considering money for the site and design, whether the eventual project in the back of your mind is worthwhile.

We should be able to evaluate that in advance.

Mr. SELIN. I am afraid I have not done a very good job of presenting the concept.

The concept is that we will give you the same information that we do now when we are asking for the $12 million. We are going through a transition now, so that we do not really have our five-year plan, but by next year, by fiscal year 1992, we should be to the position that when we come up for site acquisition, we have as good an estimate as we would have under the current system; as much justification as the project costs calls for.

We are going to try to build a $4 million chancery in Guinea Bissau, for instance. It is one of Mr. Fort's real objectives is to supplement the pre-engineered office buildings with a small office building for these small capitals. For $4 million, I do not think that you will require the same level of justification as you would for an $80-or-$90 million project, but we will give you what is appropriate.

We will have the five-year plan so that you can see not only on a project basis whether it makes sense or not, but on a funding basis; to answer the Chairman's need, how does this fit in with the other projects?

Our part of the commitment is to give you more information than you get today; it is to give you the project information you get today, plus the five-year plan, both funding and construction, which you do not get today.

And in return we are asking you for two things. One thing explicitly and that is approval of the site acquisition funds. And one thing, implicitly, which is the vote of confidence that says, until you see something that disappoints you, that we are qualified to run a program at a half a billion dollar a year level and absent some national emergency, you will not jerk the rug out from us the next year.

But the only thing that we are explicitly asking for is the annual appropriation; and in this case, for site acquisition and design.

Mr. FORT. Mr. Rogers, one thing I think that we can borrow from the military is this advance design, that is designing before we come to you for construction funding.

It will help execution and it will ensure that another backlog of unobligated balances is not created, such as we have now. The estimates we come to you with will be much, much better than we can possibly give before we actually put pen to paper.

Mr. ROGERS. I think this is a step in the right direction.

Mr. SELIN. It is also coupled, Mr. Rogers, with the 35 percent design concept, which is a very important point. The idea is that instead of finishing a 100 percent design and then going to the agencies and saying, how do you like it fellows? We are talking about going to them, including them in the building concept, having them sign off on the design at 35%, which is all that you need to be done by the A & E firm. Having them on board, having a biblical document so that the other agencies are then committed to the building they have helped design.

Mr. ROGERS. Well, let us see how it works; it is worth trying.

Mr. SELIN. Thank you, Congressman.

GUINEA BISSAU HOUSING PROJECT

Mr. ROGERS. Now, the housing project in Guinea Bissau, where is that?

Mr. FORT. It is old Portuguese Guinea.

Mr. SELIN. Yes, West Africa used to be called the Guinea Coast so that there is French Guinea which is Guinea and then Portuguese Guinea which is Guinea Bissau.

Mr. ROGERS. I guess the fact that I have to ask that question precedes my next question. Why do we need something there?

Mr. SELIN. It is a country with which we have diplomatic relations and therefore, we need at least a minimum ability to support the people that we have in the country.

A major part of what we are doing, Mr. Rogers, is taking a look, particularly in Africa, at a much more efficient and economical way to support these small embassies. It is a practical matter, from an administrative point of view, or consolidating some activities.

In other words, they are still embassies; they still have a chief of mission, but where they will get their administrative support, where the aid mission will get its supervision, etc., could be from a larger embassy in the neighborhood. It does not make any sense, to say that just because this is a whole country, we need the full panoply of management and support services.

Mr. ROGERS. But the contractor and the bonding company behind the construction of additional housing there went broke, right?

Mr. FORT. That is correct, sir.

Mr. ROGERS. Is that a local outfit now?

Mr. FORT. No, sir. The contractor was an 8-A contractor. He had been selected as part of the minority disadvantaged small business contractor program that we are asked to use, where we can, overseas. This particular contractor had done some work as a subcontractor overseas and this project assigned to him was a price negotiated. He also built houses. He had built similar projects in the States and so he was a legitimate small contractor.

Mr. ROGERS. Yes, but his bonding company went broke?

Mr. FORT. Yes, sir.

Mr. ROGERS. You tried to collect from him and he filed for bankruptcy and you said, okay, we will go to your bonding company. You go to the bonding company and it is broke.

Now, who was the bonding company?

Mr. FORT. It was two individual sureties.

Mr. ROGERS. It was what?

Mr. FORT. It was two individual sureties whose assets were verified by two banks. The 8-A contractor was supported by the Small Business Administration.

Mr. ROGERS. Based where?

Mr. FORT. I do not know where the sureties were based. I can provide that but I do not know where their home office is.

Mr. ROGERS. I guess this raises a larger question.

Mr. FORT. The bonders I am told were from Georgia and California. The construction firm was also in North Carolina.

Mr. ROGERS. Well, does anybody in the Department sort of check out these folks in advance?

Mr. FORT. Very thoroughly, yes, sir.

Mr. ROGERS. Then why would——

Mr. SELIN. The concept is faulty, Mr. Rogers. The idea that you are going to take an American small business contractor, who has never been a prime contractor overseas put him overseas in a country that has no infrastructure, no skilled labor, no support, and then expect him to build a project more or less by schedule is ludicrous on the face of it.

We never should have done it in these circumstances, and we are not going to do this again in similar circumstances. But we still are faced with the problem that we have inherited this and we have to clean it up. We have hired a Portuguese contractor to finish the project, who is more used to working there, assuming we get the reprogramming authority. This is a lesson learned, and it is not going to be repeated.

Mr. ROGERS. All right, when you renovate the State Department building over here, will you chisel in stone, "This shall not happen again"?

Mr. Selin. Yes, sir.

I am not sure we have enough places to chisel all of the things that shall not happen again, but we will try.

Mr. Rogers. Okay.

Mr. Selin. In all fairness, we labor under multiple, often conflicting, Congressional and administrative mandates. We finally need somebody who is strong enough to say, this is what we are going to do and this is what we are not going to do. There are appropriate places to use 8-A contractors, but Guinea-Bissau is not one of them.

Mr. Smith. Will the gentleman yield?

Mr. Rogers. Yes, of course.

Mr. Smith. Who approves the bonding company?

Mr. Dertadian. It is reviewed and approved by our contracting officers.

Basically they go back and check on the bonding company's record and see if he has got backing with the bank and see what his past performance was.

These sureties had been in business for quite a while and had never had any problem.

Mr. Smith. Could not the bank stand behind him then?

Mr. Dertadian. The bond took the form of individual sureties who had done bonding before. Bonafides and financial capacity were confirmed by two banks.

We do not do that any more. In fact, I do not think individual sureties are permitted any longer under law.

BERLIN PROPERTY ACQUISITION

Mr. Rogers. Now, tell us what you plan to do in Berlin?

Mr. Selin. In Berlin we own a piece of land which is just about under the old Berlin Wall on Parieser Platz, which Ambassador Salgo, very successfully negotiated three years ago.

We have options on the chancery, on the annex and on the ambassador's residence for $8.5 million which were originally put in the fiscal year 1991 budget request.

We also have another $5.2 million for 10 residential properties and a 10-acre site in East Berlin. These are long-term options, the last one of which comes through in 1997.

About a month ago, it occurred to me—I miss a few things, but even I could not miss this one—that it might be a good idea not to sit around and wait to see who owns that property; A, it is only going to go up; and B, the ability of the German Democratic Republic to deliver on these options might go down. Therefore, we sent up a reprogramming request saying, we prefer not to wait until the last minute on these options, which is what you would normally do, but we want to exercise it now and get that property in our hands.

Mr. Rogers. Who owns it now?

Mr. Selin. The German Democratic Republic. The question is we think they own that and we are now diligently engaged in a title search to make sure that they can deliver the land that they claim to own. It is hard work.

Mr. Rogers. I have got an idea, all they can do is use a quick-claim deed.

Mr. SELIN. I do not think that is exactly what we are interested in.

Mr. ROGERS. Go to a bonding company in North Carolina and get your title insurance. [Laughter.]

Mr. SELIN. To continue on this popular topic, we are not going to buy the land until we know that we have the title.

I also have to tell you that we do not have a full plan for what we are going to do in Berlin. But it just seems to me that this is a much better prospect to get the property and work out the plan, rather than sit and lose our options for the property. I am not comfortable in doing something where I do not have a full plan, but if this were my money, I would certainly be making this investment at this point.

Mr. SMITH. Will the gentleman yield again?

Mr. ROGERS. Yes, of course.

Mr. SMITH. As I understand it, in West Germany, they have some kind of a registry that people signed years ago, when they confiscated land.

Mr. SELIN. Yes, sir.

Mr. SMITH. And if they happen to appear on that registry that is crucial.

Mr. SELIN. Yes, sir.

Mr. SMITH. And if they unite, well that is going to be——

Mr. SELIN. We are checking this out now. We do not want—there are 14 separate properties and I cannot guarantee that one of them will not end up being somewhat encumbered. But we do not expect to come back next year with egg on our face to explain what has happened.

We are making a major effort to check the title before we put up any money for these properties.

Mr. ROGERS. Well, assuming that Berlin should become the capitol of the new Germany, I assume that is what you are assuming?

Mr. SELIN. Yes, sir.

Mr. ROGERS. Would you be thinking about a new construction project there?

Mr. SELIN. We have a task force right now, trying to figure out what our needs in Berlin are likely to be and a schedule on which we would try to meet the needs. If you start with the amount of space we have in East Berlin—I do not remember exactly, but it is on the order of 30,000 or 35,000 square feet of space between the chancery and the annex—then note that this is probably just 20 percent of the space that we have in Bonn.

And it is very clear that over time, we would need—I do not know how much we would need—but we would need a lot more space in Berlin than we have now.

Again, I do not know if we will keep the Parieser Platz or we will sell it. We have to work out a plan. But I want the options in my pocket, not the other way around.

Mr. ROGERS. That is good thinking.

So you intend to take the $13.7 from the Bonn renovation program?

Mr. SELIN. Yes, sir.

Mr. ROGERS. And put that on hold?

Mr. **Selin**. We will not do any more work at Bonn except at a few places where we are finishing off what is 90 percent done.

MOSCOW NEW OFFICE BUILDING

Mr. **Rogers**. Well, let me close out then with a couple of questions about Moscow, and I assume we are going to close the session afterwards.

Now, we still have got a lot of people over there living out of town.

Mr. **Selin**. We are talking about Moscow?

Mr. **Rogers**. Yes, sir.

And I think that a lot of people believe it would be preferable, if we possibly could, to move those people out of the town and into the complex there.

Mr. **Selin**. Yes, sir.

Mr. **Rogers**. Ideally. What would be wrong with converting the NOB to housing facilities for our people and building a separate building, if need be, for other functions.

Mr. **Selin**. Those are two very separate questions.

Number one, even if the NOB were saved and reconfigured for first rate housing, I am still convinced—and I hope I have the chance to convince at least the majority of the Subcommittee—that the total costs and the total time are significantly greater than if we tear down the NOB.

So let me leave apart the question of the new building and talk specifically to your question about using the NOB for apartments.

The NOB is an office building and it was not designed for apartments. There is no atrium, there are no windows on the inside. There are not that many windows on the outside.

We have looked, in some detail, and we think that we could get 14 apartments on each of the eight principal floors; we could essentially get 100 apartments into the building. But they would be very small apartments. They would not have space and they would be very expensive. There are no toilet facilities, and there is not adequate power. The building is not configured for apartments.

So if the question is, could we turn the building into apartments, the answer is, yes. But if the question is, can we provide the apartments more efficiently as part of a broader plan, where the building is not used for apartments, the answer to that one is also, yes.

Forgetting the politics of this, we would use the building for TDY apartments if we had to use it. There would be enough people on travel to use it indefinitely. They are really not appropriate for permanent apartments.

But that is a use for the building. It would replace using the Ukraina Hotel. It is just not a very efficient use of the building. It will cost us, at least on top of what we have already spent, at least $25 million or $30 million to reconfigure the building to get these TDY apartments.

Mr. **Rogers**. Well, I guess what you are getting here from us, is a frustration and a real sense of despair at tearing down over there something that costs so god awful much money to build anything.

And it seems a shame to tear down a building with a roof and walls on it, in a city where it costs us $200-an-hour to build anything.

Mr. SELIN. If I could answer the question without acceding to the $200-an-hour, I would like to—this whole thing is a shame. In fact, that is a modest word. It is unbelievable that we are in this pickle and it is humiliating for you to go back to your constituents and for me to go back to my boss and say we have this building here and we will be much better off tearing it down, than keeping it. It goes against all intuition.

But the building is a white elephant. Putting more money into it will be throwing good money after bad. It will just cost us more for a less satisfactory complex, over a longer amount of time.

Perhaps the only way that I could convince you of that is to be able, first of all, to have your staff delegations go out and take a look on the ground at what we would have to do. You are worried about tearing down a useful building; I am worried about having to recreate security in a new complex that we already have.

But the real question is, how much does it cost; how long does it take; and how adequate is the complex when we are done?

And my conclusion—you do not have to accept it, but it is a serious conclusion—is that the tear-down-rebuild alternative, as bad as it is, is less bad than the idea of leaving the current NOB up there, salvaging it and building a new one.

Mr. ROGERS. Well, we have all been fuming about this thing for years. Every committee of the Congress and the whole nation has been fuming about it.

Over that one building over there, that tiny dot on the planet, never have so many argued so long about so little.

Mr. SELIN. I just wish you guys would say, you disagree completely and it is our responsibility to build it. You could crucify us later if necessary, but let us get on to running the State Department.

Mr. ROGERS. I think you should do that, or you should say to the Congress, okay, we have given you every option in the world, and you have found fault with one of them and now it is in your lap, Congress, you figure out what to do with it and we will live with it.

Mr. SELIN. Mr. Rogers, that is a very attractive concept, but the problem is that it will not get us a building in Moscow. I can then go home and feel that I have got it off my chest.

Mr. ROGERS. I do not agree.

I think that if you put it in the Congress' lap and made a big to do about it, I think that the public would pressure us into doing something about it.

Clearly we are not going to do anything, as long as it is your idea, you see?

It has got to be our idea.

Mr. SELIN. Let me take that very seriously, because it is certainly—apart from getting a building in Moscow, it is an idea that has more than a bit of attraction to it. [Laughter.]

Mr. ROGERS. Thank you.

Mr. SELIN. I would like to be able to come up and talk about the good things that we are doing and not have this issue divide us all the time; it is not good for the country.

Mr. ROGERS. I agree.

Thank you.

KIEV, UNCLASSIFIED CONSULATE

Mr. **Dwyer**. Just one question: What is going on with Kiev?

Mr. **Selin**. Language in the new Foreign Affairs Authorization Bill, allows us to build, at least initially, unclassified consulate in Kiev, which is an enormous relief for us.

That now frees us to sit down with the Soviets—on a separate negotiation, apart from the Moscow negotiation—to go out and to look at a site; to build, at least an initially unclassified consulate in Kiev and it will also permit them to have, on a reciprocal basis, an unclassified consulate in New York.

And we are hoping to get all of that done and ready to go by this summer. To have the agreement all ready and to be able to start work this summer.

There are a number of leaps of faith in saying that, but their incentives are so great, as well as ours, that I think that this will end up being a pretty good deal.

Mr. **Dwyer**. Thank you.

I have other questions, but I will wait until the——

Mr. **Smith**. What is wrong with the site that has been reserved for us for 10 years?

Mr. **Selin**. It will be very expensive to build a building on that site.

Mr. **Smith**. There is a building on it.

Mr. **Selin**. There is a building on it, but it is much—do you want to talk about that?

Mr **Dertadian**. It is much, much larger than anything that we need and it is also built by the Soviets and we do not want to get into another situation with them.

The plan, at least for the immediate term, is a fairly small staff with a fairly small space requirements.

We are looking at the apartments that are a part of that site to use for staff, but not the office building. We can long-term lease office space for our unclassified requirements much cheaper than taking over that other facility and dealing with the problems that might be associated with it.

Mr. **Smith**. Thank you.

Mr. Kolbe?

MOSCOW NEW OFFICE BUILDING

Mr. **Kolbe**. Thank you, Mr. Chairman.

One question on Moscow, at least in the open session here.

Your comment about the idea of design-to-cost. I am a little curious about how you are going to get a contractor, considering the construction environment of Moscow, or any place in Eastern Europe, to bid under such incredible uncertainty on a design-to-cost basis?

Mr. **Selin**. Well, the contractor will have a contract with the United States Government, and therefore, it will be incumbent upon us to deliver certain things to the contractor such as: ability to ship materials, customs agreements, etc.

Mr. **Kolbe**. So all the unknown costs will be an add-on to the State Department and not to the contractor?

Mr. **Selin**. The point that I was trying to get to is that whether we can deliver these or not, depends on the fine print of the conditions of construction that we are renegotiating with the Soviets right now.

If we get the conditions that we expect, then from the contractor's point of view, this should be a project that they can bid on with some confidence. We are talking about, just from a construction point of view, of about $600 or $700 a square foot, which is far higher than it would cost to build such a building elsewhere.

So there is plenty of room in that estimate for the contractor to build in the kind of controls and support that he should need to carry out that project.

Mr. **Kolbe**. Well, I just would predict that there will be unknowns that you cannot contemplate in advance, and you cannot envision ahead of time, will occur and will add to the cost significantly.

I think that is inevitable. Maybe you have built that in here but rarely does that ever get built into any design, that kind of fudge factor and in this case, the fudge factor would have to be just enormous.

Because I do not care how good an agreement you work out with the Soviet Union, you are dealing with a very bizarre environment and there are going to be some strange things happening.

Mr. **Selin**. I agree with that completely, Congressman, however this is a deal where we have laid out, in public, what our estimate is of the construction costs and that will be available to the contractor and we are not going to get the guy who will lie the most on what it will cost.

We are trying to get a contract which gives the contractor incentives to be honest and to have the most realistic construction plan. Basically the costs are not going to be variable in the bid, because we have told them what we expect for the construction.

So people will come to us and say, for that much money and that much building, here is what we think we can do to give you the high confidence that you will get the building that you want.

It does not make any sense to just put it out and say, who will come in and promise the least price for this material?

Nothing is perfect, but we have thought a lot about this and I think that we can set the incentives right.

Mr. **Kolbe**. For example, if the contract is predicated on a construction over a certain period of time and then you find out, due to political circumstances, that the port of entry that you are using, let us say in Lithuania, was closed and the project ends up being three years more than you anticipated, somebody is going to pay for that.

Mr. **Selin**. If it is three years longer, for the kind of hypothetical reasons you describe then we will end up paying for that.

Mr. **Kolbe**. That is right; that is not in that contract. That will be those uncertain costs.

Mr. **Selin**. It is our responsibility to make sure that there is a reasonable allowance for the fact that nothing will be perfect and to set up a logistical structure so that we are not going to try to do this on a just-in-time construction concept. So that the supplies are there well in advance. The cost of warehousing is in our costs; that is all put into the construction plan.

I do not wish to pretend that this is not a high-risk project. I do wish to give you the impression that first of all, we have thought of a lot of these things and have set up and made investments to minimize the risk. And that the second thing is that we have a contract form in mind, that will make us more partners with the contractor than adversaries and that will be necessary because dealing with the Soviets is tough enough even if both of us are on the same side of the table.

PROJECT MANAGEMENT

Mr. KOLBE. I am sure there will be more discussion on that.

We talked earlier about the sale of assets and about Singapore, so I will not go into that. But I was interested in one thing that you said in your statement.

Where you said there were three changes you would like to have in the management of foreign building and they are: accountable leadership, long-term planning, and the flexible capital. You said you wanted the program manager to have complete control and therefore, accountability for construction, management and security for the projects that we have.

That is certainly a common sense approach for things; how in the heck was it done before?

Mr. SELIN. Art Fort is essentially the Assistant Secretary for Project Management and I think that I will let him answer this question.

Mr. FORT. We have had project managers, Congressman, but I think that the difference is a clear charter, the authority to call the shots for the project, across-the-board, and giving him support for configuration controls so that the changes do not happen in the design during the construction and after construction.

I think those are the key things; just putting definition and teeth and backing to the project managers and giving him the visibility and the backing to do his job.

Mr. KOLBE. They did not have this kind of authority before?

Mr. FORT. They had the authority and the definition. But, I think the support of a system, a configuration management to define base-lines and to define schedules and to insist that they be adhered to, in my opinion was——

Mr. SELIN. The answer is, no.

[Laughter.]

Mr. SELIN. I can give you three examples of things that have been changed.

First of all, it would be routine that there would be, in parallel, an FBO project, a diplomatic security project and perhaps an office of communications project, rather than a single project.

So that you had three project managers whose work would have to be integrated. Mr. Fort and Mr. Christenson here, have worked out arrangements so that will not happen any more.

The second is that in addition to separate projects, construction security—including actual operations—was not the responsibility of the project manager. So that if the security people were not there then the goods could not be delivered and they would come in late and the project manager could not do anything about it.

We put the construction security standards in from the Diplomatic Security Bureau, but those are built into the design and once the design is approved, the project manager has full authority of execution.

The third thing, which is related is that any of the half a dozen tenants, and the Ambassador, for example, could change his mind about some key element halfway through and given that you rotate people every two to three years, you would always get somebody in who said, no, I do not like this; this is not what I want and we have to make changes.

And whether the project manager, in theory, had the authority to withstand these changes, in practice, he did not and we have changed that. We have changed that already.

Mr. KOLBE. The project manager would report directly to whom?

Mr. SELIN. Well, the project manager reports to the head of FBO except for the Moscow project; that is one little minor difference.

Mr. KOLBE. So I am the ambassador to X and I see the building plans and I do not like it.

Mr. SELIN. That is too bad.

Mr. KOLBE. I complain to the project manager, but I fire off a message to the Secretary, I assume, saying this thing had better be changed; it is totally unacceptable.

Mr. SELIN. The Ambassador is a tenant like anybody else and once the building design is set, he has no more say than anybody else about the project.

Before the design is set, that is something else. Not because he is going to be there to run the project, but because he knows more than we do about how the business works in the post. But once the design is set, he is a tenant like all other tenants. If the building is unsafe or it is not secure that is one thing, but the changes will not be because somebody's style has changed. That is the slipper road to huge cost overruns.

LONG TERM PLANNING

Mr. KOLBE. Your second thing is the long-term planning. I am just kind of curious, how we do long-term planning considering the political environment of a radically changing world that we are living in today?

Mr. SELIN. The fact is——

Mr. KOLBE. Could long-term planning have foreseen what has happened in Eastern Europe and your needs there?

Mr. SELIN. Well, yes, and no.

We have had in mind—well let us take a few places, okay?

Take Budapest, we had planned to request funding in fiscal year 1992 to build an annex for the Foreign Service Nationals, the Hungarian employees of the Embassy. We also have a piece of land which has been intended to be for the chancery and we were in no hurry to move on that.

The plans are still good but we are going to move them up. We would like to start in 1991 rather than in 1992, the FSN annex and to move as quickly as we can on the design of the chancery.

In Sofia, we know that we need a new chancery. The chancery in Sofia competes with the chancery in Budapest for being the worst chancery in the Foreign Service.

In Belgrade we are also going to have to bring up the construction of a new chancery, even having spent a lot of money shoring up the current chancery.

And we were sort of lackadaisical about it, or maybe the priority was a little lower. The idea or concepts for the design in each case are still there.

So the pieces do not change all that much. I think much more what changes are the priorities among the pieces.

Of course, if you had it to do all over again, you would do things a little differently, but that is the great trap that has to be avoided.

Either it is such a bad idea that you cancel it or you go ahead with it.

BUILDINGS IN EASTERN EUROPE

Mr. **Kolbe**. Speaking of Eastern Europe, do you not anticipate enormously increased diplomatic activity in some of those countries?

Mr. **Selin**. Oh, absolutely.

Mr. **Kolbe**. That will change the physical requirements that we have now?

Mr. **Selin**. They are going to change the requirements, but it is relatively easy to get truly unclassified space, as long as we move out quickly. In Prague, I do not know what we were planning to do; we were not doing very much.

We have now set an absolute top priority to try to lease a building some place within walking distance of the chancery.

And we——

Mr. **Kolbe**. That is usually fairly easy to do?

Mr. **Selin**. It is feasible. It is feasible compared to the alternative which is to build everything that we need.

We are clearly going to have more people in Eastern Europe than we thought, so that we will have incremental needs. But if we have a good, solid chancery and some good housing, we can add on to these needs.

The places that kill us is where we have very old buildings that were converted years ago, but were not properly invested in, in the first place. Now we are trying to modernize these buildings at the same time that we are trying to expand our capability.

They are not perfect. But as the Under Secretary for Management, I would be able to assure you that they will not stand in the way of our diplomats conducting their operations.

Mr. **Kolbe**. That is not an ideal situation, if you have your staff split, considering difficulties of communication in some of these places. They are three blocks away or something.

Mr. **Selin**. That is not always so bad, because for instance, I think we often make the mistake of trying to put consular and diplomatic activity in the same building, which is an enormous strain, not just on security, but on all of the administrative services. So we have to be sort of clever, so that we do not have the supervisors of the administrative clerks in the general service—foreigners in one place and the people they are supervising in a second place.

But as long as there is some sensitivity used in who goes in what office, we can usually work around that problem. There are some times that it is very difficult, but usually we can work around it. None of the Eastern European sites—will the separation of people be a problem. The real problem is our facilities are abysmal in most of these places.

When I talked about having inherited properties where no investment had been made, Eastern Europe and some of our chanceries in Africa are way high on the list of places I am talking about.

Mr. **Kolbe**. Well, and that was precisely my point when I started this question about long-term planning. You know, that may have been fine when we had no real involvement or activity with Czechoslovakia, but that is going to change. It will be very dramatically different, and I do not know how anybody could anticipate those kinds of things.

Mr. **Selin**. But we knew we needed new chancellories. It was really a question of when. We have conceptual designs. We have, in several of these cases, sites picked out. But we did not have——

Mr. **Kolbe**. So what you are saying is circumstances change the priorities.

Mr. **Selin**. Absolutely.

Mr. **Kolbe**. And not necessarily.

Mr. **Selin**. Absolutely.

Mr. **Fort**. Working from a plan is just going to be a much sounder way of doing business than ad-hocing the entire program.

Mr. **Kolbe**. Thank you, Mr. Chairman.

LONG TERM PLANNING

Mr. **Smith**. One other question along this line. We had the INMAN program, you know; $4 billion price tag. That was pretty much, I thought, a plan.

Mr. **Selin**. The INMAN program was a plan for parts of the program.

Mr. **Smith**. Right.

Mr. **Selin**. In other words, it was to identify certain chanceries and certain projects within those chanceries. The problem is, what happens to the rest of our buildings? What was supposed to happen to them? How were they supposed to be funneled? That was one problem.

Mr. **Smith**. Well are you talking about then a plan for all buildings?

Mr. **Selin**. Every property——

Mr. **Smith**. Including security, increasing security?

Mr. **Selin**. Yes, sir, including all considerations; security, maintenance, new construction. We are really talking about doing something that should have been done 20 years ago.

Mr. **Smith**. Do you have a ballpark figure for what the total number of dollars would be if we were to——

Mr. **Selin**. Yes. For the next five years, well—there are three kinds of figures. We have done a survey of 30 of our sites in some detail just for deferred maintenance; what it would take to be safe; deliver safety; wiring; painting; reconstruction. The estimate is that just to do the deferred maintenance, the work that should have been done years ago for all of our chancellories, would be about $450 million over the next five years.

Mr. **Smith**. Per year, or for——

Mr. **Selin**. No, it is total.

Mr. **Smith** [continuing]. Five—total?

Mr. **Selin**. But that comes on a construction program where our estimate is that new construction over the same next five years, badly needed new construction, would be close to $2 billion—new construction, not counting the Moscow program. And so, that is $2.5 billion, roughly, in addition to our apartments, our leases, et cetera. And that would all add up to about a $3.7 billion program over five years, or $750 million a year.

Mr. **Smith**. Then what about—what part of the total needs would be met in that five-year period?

Mr. **Selin**. Well, it would meet as much of the needs as I could honestly come up and say we should try to meet within five years. In other words, that would be approximately 10 starts a year, 10 new starts a year for chancellories, consulates, major compounds, in the next five years.

Mr. **Smith**. You mean at the end of five years, there would not be any facilities that were woefully inadequate?

Mr. **Selin**. No. No. No. It means that those—you could extend this forever. I mean, that basically this is the needs that we could realistically—if we had the money—realistically expect——

Mr. **Smith**. If we could in one year do everything with 1990 dollars, what would it take to do what needs to be done?

Mr. **Selin**. Well, the trouble is, it is a moving target. If I might answer your question differently; if you asked me how much money I would like to have; I really would like to have in this account, year-in and year-out, so that at the end of five years I could present to you and the Secretary of State a proper property answer, it would be about $700 million to $750 million a year. And not all would be new, but we would be to the position where we met our highest priority needs and we could look down the road in the meeting the next set of needs. That is about 50 percent higher than we expected.

Mr. **Smith**. The following five years would probably be——

Mr. **Selin**. At the same level.

Mr. **Smith**. Same level?

Mr. **Selin**. Be the same level; that there is a long set of unmet needs that—this is the way—what the military like to call it requirements document. It does not say that that is the best absolute use of the scarce resources. If you gave me that much money, I probably would try to do something else with some of it.

PRETORIA

Mr. **Smith**. One more question before we go into closed session. What is happening in South Africa?

Mr. SELIN. You mean from a properties point of view?

Mr. SMITH. Yes.

Mr. SELIN. We are in the following situation; I guess we have chosen a contractor for Pretoria. We have a good plan, a good design, for a comfortable large chancellory in Pretoria. It is a six-acre site. Security is pretty good. Remember, South Africa is a very difficult security environment. There is the threat of violence. It is a very sophisticated technical threat. If our standards mean anything anyplace, they mean something there.

Mr. SMITH. Is this out in that new area?

Mr. SELIN. It is a half-mile west of downtown. It is very close to downtown. But the other half, as not everybody knows, the government of South Africa operates from Capetown six months of the year.

CAPE TOWN

Mr. SMITH. Yes.

Mr. SELIN. Our facilities in Capetown are terrible; that we have rented space in an office building with police all around us, et cetera. What I have instructed FBO and the mission to do is to find a free-standing building; not perfect; it did not meet our standards. But let us get out of that office building and into the building so at least we could control access to our properties and give us a time to look for a property in Capetown.

The bright side of all this is that at least up until now, land and services have been very cheap in South Africa. So we can move at a reasonable cost per square meter.

Mr. SMITH. Have you gotten the zoning straightened out so there are not any high-rises——

Mr. SELIN. In Pretoria?

Mr. SMITH. Yes.

Mr. SELIN. We are in good shape in Pretoria.

Mr. SMITH. No high-rises?

Mr. SELIN. No. It is an area where there is nothing around us.

Mr. SMITH. Well but at the time we were there, it looked like a good area except that across the street could be zoned for high-rises.

Mr. SELIN. We think we are pretty comfortable with the zoning.

Mr. SMITH. I see.

Mr. SELIN. That is going to be a good chancery.

Mr. SMITH. Yes.

Any other questions?

[No response.]

Mr. SMITH. Let's go into closed session, then.

[The following questions were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

Acquisition and Maintenance of Buildings Abroad

QUESTION: What has been the impact on Section 614 on this account, and what would be the impact if Section 614 is not repealed?

ANSWER: If the limitations of Section 614 of the Department's appropriation bill are not overcome, the authorized reprogramming and transfer of $51.2 million from the Acquisition and Maintenance of Buildings Abroad Program to the Department's Salaries & Expenses Account cannot occur. These funds had been earmarked for urgent priorities within the Department such as the Construction Security Program, Machine Readable Visas and construction of the FSI Campus.

A second problem which may emerge if Section 614 is not lifted and if the Department is unable to reach agreement with AID on payment of overseas administrative support costs, is that FBO will need to reprogram almost $10 million to cover recurring leasehold payment requirements that would otherwise be reimbursed to us by other Foreign Affair Agencies.

QUESTION: What was your budget request to OMB for this account, what reductions did OMB make, and what will be the impact of those reductions on your activities for FY 1991?

ANSWER: The Department's request to OMB for FY 1991 was $407 million. OMB reduced this request by $89 million to bring our FY 1991 Congressional budget request to $318 million. The following were the major areas of reduction or items that we must absorb from the original request:

- Capital Programs - were reduced by $55.1 million. Most of this reduction was to the Site Acquisition and Development Fund, thereby limiting the number of projects sites proposed for design in FY 1991 to 3.

- Functional Programs - Reduced by $32.3 million with major impacts to the following programs: Physical Security Upgrades, Communication Center Renovations, Facility Rehabilitation and Support Systems Replacement and the Functional Program Project Supervision account. Because of these reductions in FY 1991 only three posts - Manila, Cebu and Panama - will receive physical security upgrade projects; communications center upgrades will be limited to Vientiane and Leningrad; major rehabilitation projects in Brazzaville and Brussels will be delayed; the rehabilitation and repair work in Kinshasa will be scaled down; and the Department's ability to provide support and supervision through the Functional Program Projects Supervision program will be reduced.

The Department also had $76 million in additional requirements which were not included in the original OMB request. These requirements covered such items as: construction security, the general pay increase and funding to restore the FAAS program to its pre-FY 1990 levels.

Status of Authorization

Question: How much of this budget request is not covered by the enacted authorization for FY 1991, and what is the status of the legislative proposal to provide the additional authorization required?

Answer: Yes, the Department of State has submitted a request to Congress to fund a major authorization shortage of $360 million for this appropriation. Approximately $270 million is for construction costs of a new embassy in Moscow. The balance of the request, or $90 million is for routine FBO project activity.

Overseas Security Standards

QUESTION: In your statement you indicate that you have instructed the Bureau of Diplomatic Security to develop clear and effective standards that will be threat-driven and post-specific. How will these standards be different from the current security standards area, and when will these new standards take effect?

ANSWER: One of the major points in the report of the Inman Advisory Panel on Overseas Security was the need to develop adequate and comprehensive standards for the Department's major security programs and to apply them uniformly worldwide. The Bureau of Diplomatic Security (DS) began to reconsider the concept of uniform security standards for all posts abroad as the build-up of physical security and technical security programs progressed from 1985 to 1988. During this time, DS was criticized from many quarters for addressing security concerns overseas as if all posts faced the same critical threats. It became obvious that DS had to reconsider its initial approach to implementing the original Inman Panel recommendations for these high capital cost programs.

In February 1989 DS began a wholesale review of all existing overseas security standards. The goal was to develop a set of effective, approved standards whose detailed application would vary according to the specific threat levels of posts. A Standards Review Committee was created in April 1989 to review all existing overseas security standards. The committee revised the existing standards to specifically address four major threat categories: Terrorism, Human Intelligence, Technical Penetration, and Crime. They were further tailored to apply to specific threat levels at post -- low, medium, high and critical.

In keeping with the Department's obligations under the Diplomatic Security Act, DS has consulted other Federal agencies through the Overseas Security Policy Group (OSPG), which is reviewing the standards on an ongoing basis and providing DS with useful and practical input. Finally, Department bureaus with substantive interest are given the opportunity to review and clear the standards. Although the review process has been at times protracted, the significant difference in these standards, compared to previous efforts, is that they are specifically measured against the threat the post faces, and they have the clearances of every agency at post that is under the authority of a Chief of Mission. They have become, in effect, the security policies of the entire foreign affairs community worldwide--but post-by-post.

The effective dates of the standards will be staggered because they are being released to posts worldwide on a program-by-program basis, as the clearance process is completed. To date, threat-driven standards have been completed for several security programs including Residential Security, Local Guards, Contact Reporting, Personnel Security, and Emergency Planning. Other standards, including Construction Security, are in different stages of completion. We plan to complete this work by the end of this summer.

QUESTION: As part of this initiative you indicated that you will be requesting legislative authority so you could use multi-year contracting in FY 1992 for new projects not previously funded. How would multi-year contracting work, and how would it be different from your present contracting practices?

ANSWER: Multi-year contracting for capital construction if implemented, would allow the Department to press forward on the tremendous backlog of capital construction projects. Our current contracting methods require the Government to obligate and reserve the full construction costs for a facility upon the award of such contracts even though the payments under these contracts will continue throughout the entire construction period which may span three or more years. Multi-year contracting will allow the Department to initiate more construction starts within a fixed budget allowance.

If the President proposes enabling legislation and it is enacted, the Department will be able to contract for the construction of a completed facility, but will obligate and commit to pay the contractor only the portion of construction effort which has been funded and can be accomplished during the current fiscal year, plus the estimated costs of terminating the contract and demobilizing if the project is not funded by subsequent appropriations. This methodology has been practiced by other Federal Construction Agencies including the Army Corps of Engineers who has applied continuing contract authority for major public works projects and has used incremental funding for major military construction projects such as the Air Force's Large Rocket Test Facility, Arnold Engineering and Development Center, Tennessee.

Five-Year Capital Requirements Projection

QUESTION: You also indicate that you are looking into ways to finance construction by leveraging-via commercial development, lease-back, trade, or sale -- the high value of underutilized property at a number of overseas posts. Do you need legislative authority in this area and, if so, when do you plan to request it?

ANSWER: To help finance our capital construction backlog and, at the same time, to realize the highest and best use of high-value overseas real property assets, we are embarking on an aggressive asset management program which envisions selective commercial development, lease-back, trade or sale. Under strict Competition in Contracting Act (CICA) guidelines, we are contracting with recognized international real estate firms to develop options on the highest and best use of Government-owned properties and recommendations for meeting particular requirements at targeted posts.

The Foreign Service Buildings Act of 1926, as amended, empowers the Secretary of State to acquire real property by purchase, construction or exchange, and to sell, exchange, lease or license any property or property interest for use of diplomatic and consular establishments abroad. Moreover, it empowers the Secretary to apply the proceeds from any such transactions toward the acquisition, construction, or other purposes authorized by the Act or to hold them in the Foreign Service Buildings Fund. At this time, therefore we do not believe that additional legislative authority for asset management initiatives, is required. We will, however, be monitoring this situation as we develop new initiatives.

QUESTION: You also indicate that private sector financing may present some opportunities for acquiring housing or other facilities. How do you plan to use private sector financing, and do you have authority to use it?

ANSWER: Private financing is increasingly being used in the federal government to fund the construction of certain capital projects. A specific example is the construction of a new national archives facility. This multi-story building, containing approximately 1,700,000 square feet, will provide space to accommodate storage needs for the archives through the year 2004. It is to be located on the campus of the University of Maryland. The principal cost of this facility, for which private financing is being obtained, is $301,702,000.

Legislation authorizing the Archivist of the United States to enter into a contract with a private financier was enacted in 1988 (P.L. 100-400). While the Department has sufficient authority to acquire property overseas by lease, swap, purchase and construction, we would need legislation for such a contract as did the Archivist because of the long term commitment inherent in such transactions to make future year payments. The statute for the Archive project included waiver of the

Anti-Deficiency Act, 31 U.S.C. 1341(a)(1) or any other provision of law that may have precluded the transactions.

Construction and acquisition of residential housing at certain embassies and foreign missions is ideally suited to private financing. With the cost of overseas construction and leasing increasing by enormous amounts each year, the added cost to the government of private financing will be offset by out-year savings construction and lease costs. Furthermore, the annual payments to the financial institutions could be financed from the annual lease budget that would otherwise be required overseas and is essentially appropriations neutral over the long term. Each case, however, would have to be reviewed individually to see if private financing is advantageous.

The Department is exploring where our current high priority requirements exist and which ones would be the best candidates for private financing. Any project proposals will be subject to further Department and OMB review before submission to the Congress as a formal program requirement. We will keep the committees informed as our plans develop.

QUESTION: In your statement you indicate that you hope to examine capital cost-sharing so that other foreign affairs agencies which benefit from the State Department's investment and the overseas building program will share some of the cost. I believe you were requested to study this subject and report to the Committee by February 1. I don't believe we have received the report. Why not?

ANSWER: A progress report has been prepared and should be submitted very soon. We are not yet prepared to offer definitive recommendations, however, because the issues involved are complex, may require legislation and have a potentially enormous impact upon the budgeted resources and program operations of virtually every federal agency operating overseas. Another inhibiting factor is the Department's adverse experience in expanding the inter-agency pool of shared operating support costs in 1990. Congressional constraints upon the associated reimbursements from the Department's two largest clients, AID and USIA, threaten funding stability of the entire overseas support infrastructure. Since that infrastructure is critical to all federal programs overseas, our 1991 budget aims to restore its funding stability by proposing to roll-back cost sharing tenets to those in place during 1989. In these circumstances and despite the Department's commitment to equitable burden sharing, development of a capital cost-sharing plan must be deferred pending completion of the ongoing study and agreement by key Congressional committees on agency funding responsibilities.

Capital Programs

QUESTION: Your budget request for Fiscal Year 1991 does not include any funds for new capital construction projects for the Department of State. However, the request does include $13,000,000 for security projects and related activities occupied by AID, Commerce, and USIA. Why should we fund these capital projects, when we are not funding any projects for the State Department?

a. Why couldn't these projects for AID, Commerce, and USIA be funded out of the unobligated balances?

ANSWER: The Department was provided authority to request appropriations for these projects in the Diplomatic Security Act of 1986. This was done to assure the integrity of the security program and ensure that standards and policies were consistently applied for each agency. In formulating the FY 1991 capital program budget request, the Department applied pro rata budget reductions against the prior year program funding levels to equitably distribute funds to both the Department's and other Agencies capital program requirements within the Administration's capital program budget allowance. The $13,000,000 request for other agency security projects is a reduction of $7,000,000 from the previous year's appropriation.

The Department cannot fund these projects out of unobligated balances because these balances may be earmarked for other unfunded requirements such as the construction security program.

QUESTION: In previous budgets the Department requested funds for all costs for site acquisition, design, and construction for each capital project. We were told that this approach could save money on each project in the long run. How will your new approach be more cost effective than the full funding approach?

ANSWER: As originally conceived the urgent Diplomatic Security Construction Program was to replace facilities at our highest risk posts within a five year funding plan for the period FY 1986 to FY1990. Under that planning assumption, full funding was requested to assure that funds would be available when needed to complete designs and award construction contracts. The trade-off between conceptual estimates for construction and refined estimates based on 35% design were acceptable under the assumption that sites would be acquired promptly and designs could begin quickly and that annual appropriation levels would continue at the authorization rate of $418 million each year for the capital program. Because of delays in site acquisition and budget constraints, the cumulative appropriations for FY 1987 through 1990 total only $410.4 million. As the program is stretched out conceptual cost estimates become less reliable because of changing economic factors and changes in program requirements at each post.

Given the budget climate and the difficulty in acquiring sites, the Department believes that we should seek a program funding level for new starts from which to fund site acquisitions and design efforts as priorities and opportunities change. Because of our facilities backlog, the objective is to initiate as many projects as possible within budget constraints and to propose annual funding requests based on 35% designs. At that design stage we can lock project scope and provide firm construction estimates to the committee.

QUESTION: You are requesting funding of $13,569,000 to initiate designs of buildings in Abidjan, Jerusalem, and Tel Aviv. Why should we permit you to design buildings for Jerusalem and Tel Aviv when we don't even have the sites and there is little prospect that we would be able to appropriate sufficient funds to build two diplomatic facilities simultaneously as required by law?

ANSWER: The USG signed a land lease purchase agreement on January 18, 1989 with the Government of Israel (GOI). The agreement terms include leasing the Allenby property (approximately 8 acres) in Jerusalem for 99 years at a cost of 1 dollar annually, renewable for 99 years under the same terms and conditions. The GOI was required to provide a site in Tel Aviv, within 6 months of the agreement date but failed to do so. The original agreement was extended to January 18, 1990 and the GOI has now agreed to a one-year extension of the land lease and purchase agreement from January 18, 1990 to January 18, 1991. The agreement further provides that one year after the completion of the new U.S. Government diplomatic facility in Tel Aviv, the U.S. Government will transfer to the Government of Israel the current Tel Aviv property together with all immovable improvements.

The FY 1991 budget includes a request for design funding in the amounts of $7.269 million for Tel Aviv and $5.7 million for Jerusalem to enable the Department to act quickly in the event the GOI does meet its commitment to provide an acceptable site in Tel Aviv. Should an acceptable property not be found in Tel Aviv in time to permit commencement of design work for Jerusalem and Tel Aviv, the funding will be used for design of other high priority projects such as Budapest, Panama, and Abu Dhabi.

Site Acquisition and Design Development

QUESTION: You indicate in your statement that you would not need the $9,445,000 requested for ongoing staff housing rehabilitation in Bonn, and $8,500,000 requested to purchase a site in Berlin. Therefore, can we eliminate these fund when we mark the bill.

ANSWER: The Department is currently reviewing several options, including use of funds from these projects to meet the requirements of the construction security program in FY 1991. We will consult with the subcommittee prior to making a final decision on this matter. Therefore we urge that these funds not be subtracted from our total request. We will need these funds, even if for other high-priority projects.

QUESTION: You also indicated in your statement that you are assessing site acquisition and design of other high priority projects like Abu Dhabi, Budapest, and Panama. When would such an assessment be completed, and what are the prospects that you would need funding for these projects in FY 1991?

ANSWER: The Department is finalizing details of the site acquisition for the Abu Dhabi Chancery Building. After acquiring this site we would propose to begin design possibly this fiscal year. Last fiscal year we concluded a site acquisition agreement with the Government of Hungary for a new chancery office building and will be prepared to begin design of this facility either late this year or in Fiscal Year 1991. Since the overthrow of the Noriega regime, the growth of U.S. Government operations in Panama and potential for future growth, will soon overflow our current facility capacities. Possible sites for construction of a new chancery building are being considered. It is likely that funds for site acquisition will be required next fiscal year.

Facility Rehabilitation and Support System Replacement

QUESTION: You are requesting $12,000,000 for a new line item called Facility Rehabilitation and Support System Replacement. You indicate that the total need in this area is for $450,000,000. What projects would be initiated with the funds requested, why were these particular projects chosen, and will these funds be sufficient to complete each of these projects?

ANSWER: The $12,000,00 requested in the FY-91 budget for the Facility Rehabilitation and Support System Replacement Program is earmarked for four specific projects:

Colombo Old Chancery Bldg. Rehab	1,750,000
Islamabad OBC Facade/Structural Rehab	1,150,000
Kinshasa OBC Rehab	3,310,000
Leningrad COB Heat Upgrade/Other Rehab	5,790,000

There are many posts in need of major rehabilitation work. A/FBO used the results of the Global Maintenance Surveys, Field Budget Request, and other lists of post requirements to identify priority projects for inclusion in this program. All priority projects were then evaluated using five equally weighted criteria: fire/life safety, condition or age of the systems, rate of deterioration, impediments to operations, and the time sensitive nature of the work. The projects, while all representing priority work, fell into three tightly grouped bands. The difference between projects within each band were minuscule. The four projects listed above were all in the top grouping.

The amount requested covers design and construction costs. Not included are costs for project management and construction security as these are funded from separate programs.

Maintenance Assistance Center Program

QUESTION: You are requesting $22,415,000 to provide maintenance and minor repair support with cleared American personnel to Eastern European posts and to posts in other geographical regions. What kind of support is provided, and what is the criteria for rendering such assistance?

ANSWER: This request is to fund overseas and domestic Facilities Managers, Overseas Facilities Condition Surveys, technical support for overseas posts, Maintainability Reviews for new designs, spare parts for new buildings, engineering maintenance criteria, systems repair/replacement management, Washington-based division staff as well as two contract Maintenance Assistance Centers. These activities total approximately $10,059,000.

The Eastern European Maintenance Assistance Center (EURMAC) located in Paal Belgium and the Washington based Maintenance Center (WASHMAC) are staffed through labor hour contracts with 8A contractors, E. L. Hamm & Associates, Inc. (EURMAC) and Stephens Engineering (WASHMAC). The combined budget for EURMAC and WASHMAC is $12,415,000 with $5,325,000 for EURMAC and $7,090,000 for WASHMAC. EURMAC provides cleared Americans to support State Department facilities in the Eastern Bloc Countries with technical expertise and quick response for preventive maintenance, repair, replacement, renovation and rehab of mechanical and electrical systems and general building repair primarily in secure areas (CORE). EURMAC personnel also provide the same services outside the CORE areas where no local expertise exists, where sensitive security issues are a concern or when EURMAC can more efficiently and cost effectively complete a specific project than an outside contractor. Preventive maintenance is conducted on a regularly scheduled rotating trip schedule.

WASHMAC provides maintenance and repair services for overseas facilities other than Eastern European Bloc posts. WASHMAC's emphasis is support for posts in third world countries; however, it is not limited to these areas in responding to taskings resulting from post condition surveys, known deferred maintenance/repair requirements and urgent repair needs such as roof leaks, or "breakdowns." WASHMAC personnel also perform renovations and upgrades in security sensitive areas and training of local (FSN) maintenance personnel.

Overseas Facilities Manager Program

QUESTION: You are requesting $4,000,000 to provide a cadre of trained and experienced building professionals at new office buildings. What are the duties of these personnel, what is their training, and how long are their tours?

ANSWER: Facility Managers are cleared US Citizens with extensive experience in the management, operation, maintenance and repair of large modern buildings and building systems. The average selectee possesses over twenty years in the field of facility management. Before being hired each candidate is screened and subjected to a battery of interviews with professionals in the facility management field.

Prior to being sent overseas each Facility Manager receives a minimum of six weeks familiarization training in Washington, which includes organizational procedures and policies of the Department, familiarization with the operation conditions overseas and other training as deemed necessary.

The immediate objective of the Facility Manager and his staff is the overall daily facility operation of our New Office

Buildings. This includes but not limited to, Preventive Maintenance (PM), Scheduled Maintenance, Emergency Repairs, Minor Renovations, Procurement of spare parts, control of material inventory, and oversight of outside maintenance service contracts. The average length of tour for these managers will be 3 years.

QUESTION: How much will we save in future maintenance costs by providing this capability?

ANSWER: We can not quantify savings because the benefits we expect to accrue are a more effective facilities operation and future cost avoidance through better planning, scheduled maintenance work and quality assurance programs. Better planning and scheduling of maintenance will result in fewer failures and thus fewer emergencies, reducing overtime and equipment downtime. This in turn allows better use of manpower, extends equipment life, decreases energy consumption and provides a quality, productive work environment.

For example, prevailing industry experience predicts proper maintenance can reduce failures by 70 percent which in term reduces emergency work by 60 percent. This further reduces overtime pay by 35 percent. Failures are generally ten times more costly than preventive maintenance work and efficiently operated facilities can be expected to consume 10 to 15 percent less energy than neglected buildings.

Construction Security

QUESTION: I understand that the construction security program will require a program level of $65,000,000 in FY 1991 and that this funding requirement will be met out of the unobligated balances in this account. What are the options for meeting this need.

ANSWER: The Department is currently exploring several options for funding this program including use of funds originally proposed for Berlin property acquisitions and renovations to staff apartments in Bonn in the FY 1991 request. We will consult with the subcommittee prior to making a final decision on this matter.

QUESTION: When will you implement the new housing and space standards for management of the Department's overseas residential program, and how will you enforce these new standards?

ANSWER: To validate the proposed housing standards presented to Congress last year, we are conducting a survey of Washington area housing occupied by Foreign and Civil Service employees. This project will be concluded at the end of April; new proposed standards will be developed based on the results of the survey. We will work with the Washington Interagency Housing Board to finalize the new housing policy and standards. We expect to implement this new policy by the end of the calendar year.

The new policy is designed to address many of the shortcomings of the current system, including problems of enforcement. A simplified measuring system will ensure consistency in implementation of the housing standards; space authorizations will be based on rank and family size; and the locality index will be reduced from five to three levels.

A variety of enforcement mechanisms have been implemented or are in the process of implementation. We have instituted an annual reporting procedure which requires the Chief of Mission to certify that all housing has been acquired and assigned in accordance with established policies and procedures. Our automated REMS system is being improved to provide additional information to strengthen our oversight capabilities. A/FBO officers have been instructed to review housing during their periodic visits to posts, focusing on policy and implementation issues. Staffing increases in A/FBO's Real Estate Division will strengthen oversight controls and focus attention on overall implementation issues. We are very optimistic that the new policy and improved enforcement mechanisms will greatly improve the Department's management of the overseas housing program.

Moscow NOB

QUESTION: I understand that the President's overall budget figures include $270,000,000 for construction costs of a new building in Moscow. When will that request be submitted to Congress?

ANSWER: The $270 million rebuilding cost estimate was included in the Department's FY-1991 budget request. A budget amendment containing further details of the request was recently transmitted to the Congress. The estimated total cost, by the way, includes not only construction expenses, but security expenses for the entire project that are not all usually included in such estimates. The general contractor's costs were estimated by our expert outside consultants; the security, fitting out and inflation costs were estimated internally.

QUESTION: I understand that departmental officials have indicated that this estimate could be inaccurate by 25 percent either way. What confidence should we have in this budget estimate in view of these representations?

ANSWER: While it is true that the estimate is subject to a plus or minus 25% accuracy pending design work, Under Secretary Selin has assured the Congress that the $270 million will be a cap for this project, while meeting all security standards. The Moscow estimate is based on considerably more preliminary study than has been the case for most Departmental overseas building projects.

QUESTION: Since the committee disapproved the reprogramming request for partial design of a new building in Moscow, are you going to submit a new reprogramming request to do partial design work on the several options being considered for the building?

ANSWER: We believe that it is important to proceed with reconstruction of the NOB and are therefore considering several options at this time.

QUESTION: The Secretary, when he was before our committee two weeks ago, indicated that maintenance expenses on the partially completed building were costing over $1,000,000 per month. You say it's costing about $500,000 per month to maintain the unfinished new building, to provide security at the site and to run the MEBCO operation in Washington and Moscow. Which estimate is correct and how did you arrive at that estimate?

ANSWER: The Secretary was referring to maintenance and inflation costs. Our latest calculations show that maintenance and operations are running at over $500,000 per month, and inflation in our rebuilding estimate is over $700,000 per month, for a total of over $1.2 million per month. The M&O figure includes salaries and housing expenses, minimum building maintenance, and the secure logistics pipeline, including the Moscow and Malmi warehouses. While used primarily now for renovation of the old building, the secure logistics system will revert to NOB accountability in July when the EOB project is finished. It is neither practical nor cost effective to stand down the system in the expected interval between EOB renovation and a start on NOB mobilization. The inflation estimate was calculated by using the OMB construction cost deflator for FY-1990-1991 of 3.2%, and applying that to the estimated $270 million rebuilding cost.

QUESTION: The Secretary also said that the unused building is unsuitable for most unclassified functions because of its layout and location. Please explain.

ANSWER: The NOB is of course located prominently in the heart of the new embassy complex. Its location thus makes it unsuitable for unclassified public service activities that would bring numbers of non-Americans into the compound, given new physical security standards since the building was originally designed. Moreover, the changes underway in the Soviet Union mean physical security is no longer a negligible concern.

The NOB layout makes it very difficult to convert into adequate apartments. Code requirements call for a window in each occupied room: thus, apartments could only be laid out along the outer walls of the NOB, a very inefficient arrangement. A consultant did study the feasibility of small TDY units, which are possible. But more electricity would be necessary and the Soviets have said there is no spare capacity in the area. Moreover, our primary need is for family housing, not small TDY units, which can be put into the EOB later on.

Were we to carry out unclassified but sensitive functions in the penetrated building, such as personnel and B&F functions, they could be exploited to our detriment by hostile intelligence services. Therefore, that means that the only other acceptable use for the still unfinished NOB would be truly unclassified and non-sensitive, non-public service functions, which are simply too few to take up anything but a small fraction of the space available.

Any alternative use of the new building could not occur anyway until we had occupied new office facilities elsewhere: the terms of our earlier agreement with the Soviet call for simultaneous occupancy of new chanceries. Thus, we could not occupy the new building for any use without Soviet insistence on occupying Mt. Alto. And the latter is prohibited by policy and legislation enforcing simultaneous occupancy of new chanceries.

QUESTION: In your statement you indicated that the U.S. government should be able to build or procure unclassified space more directly elsewhere at less cost. What is the basis for that statement?

ANSWER: Our estimates show that for housing, for example, it would be much cheaper to renovate Soviet apartment buildings we might obtain in the property negotiations that to reconfigure the NOB. Moreover, purpose-built units of the family size we need could be constructed on vacant land so obtained for at most the cost of NOB conversion according to our preliminary estimates, and probably less. In general, the provision of unclassified space is much cheaper than the provision of classified space. And building classified space outside the NOB site opens up real problems. (SEE NEXT ANSWER.)

QUESTION: You also say that building new secure facilities even right next door would greatly increase the cost, the time required for completion and the uncertainty which the construction effort would be subjected to. Please explain that statement.

ANSWER: A new building on a new site opens us up to much greater uncertainty because progress would be more dependent than before upon the Soviets. Even with the best Soviet will in the world, (ab)normal bureaucratic delay and inertia in Moscow would inevitably lengthen the process, adding to the cost and ultimate uncertainty of completion, by making us more dependent upon the Soviets for utilities, planning and architectural approvals, excavation assistance, etc. The initial cost and time difference is accounted for by the extra time required for bringing in utilities and in reproducing elsewhere the basement and foundation we plan to reuse on the NOB site. The additional time then adds to the inflation in the rebuilding cost. For all of these reasons, building on a new site must make the entire process unacceptably longer and more costly.

QUESTION: In your statement you indicate that you are updating your interagency review of space needs of agencies in Moscow for the immediate future and for the decade ahead. What is the status of that study?

ANSWER: We expect to complete it shortly and forward it to your committee and other relevant committees.

QUESTION: You also indicated that several of these agencies including Commerce and USIA with public access needs in Moscow have told the Department that they do not want to use the new building for such purposes even if it were reconfigured. Why would they prefer space in the old building?

ANSWER: Without speaking for those agencies, it nevertheless appears that the location of the new building is much less accessible than that of the old building. Not all agencies would prefer space in the old building, by the way: some are seeking separate building space elsewhere in Moscow for their public service functions.

Maintenance

QUESTION: In 1988, FBO contracted with two engineering firms to survey the conditions of overseas property.

a. How much has FBO spent on this effort and why couldn't FBO perform these surveys with its own staff?

ANSWER: Because A/FBO had no in-house positions to perform these surveys, 8A contractor services were utilized. In FY-89 FBO spent $1,635,000 and will spend $1,808,000, in FY-90 to perform the maintenance surveys.

In February and March of 1990 FBO hired four new qualified people. The goal of the organization is to complete an additional 18 surveys in FY-90 using in-house FBO personnel and thereby achieve greater economies in this process. More in-house teams will be utilized for surveys in FY-91 and beyond but we will continue to use contracts to meet our target of completing professional inspections on each facility within 5 years.

b: How many posts have been surveyed? What are the results and estimated costs to correct deficiencies?

ANSWER: Fifty-eight surveys have been completed as of March 28, 1990. These detailed reports evidence a backlog of approximately $78,000,000 to correct outstanding maintenance requirements that correspond to some 1,300 projects at the posts surveyed.

c: Are the four projects identified in the FY-91 request the highest priority needs? Please provide the top ten buildings/properties in need of immediate rehabilitation.

ANSWER: The four projects identified were the highest at the time the budget was submitted but priorities do change. These requirements are constantly and rigorously reviewed in the context of worldwide needs, priorities and cost effectiveness. The projects are tightly ordered in terms of importance because they are all priority requirements.

As of this date the list, which represents the current priority projects that should be accomplished in FY-91, is as follows:

FACILITY REHABILITATION AND SUPPORT SYSTEM REPLACEMENT PROGRAM

	Post	Project	Amount (000)
1.	Colombo	Old Chancery Building Rehab.	1,750
2.	Islamabad	OBC Facade/Structural	1,150
3.	Kinshasa	Total Post Rehab & housing	3,310
4.	Leningrad	COB, Heating Rehab.	5,790
5.	Brazzaville	Total Post Rehab	1,735
6.	Paris	Office Bldgs. and Apartment Rehab.	7,700
7.	Tegucigalpa	OBC Roof Replacement	1,000
8.	New Delhi	Total Post Rehab	10,340
9.	Prague	EMR Facade and Plumbing	5,500
10.	Brussels	OBC/EMR/DCR Repairs and Rehab	1,400
		Total	39,675

Since only the first four priority projects are funded by the Facilities Rehabilitation and Support Systems Replacement Program, the remaining projects must be deferred at least in part.

d: Does FBP plan to survey all of its posts? How much will it cost and when will you be finished?

ANSWER: Based on the availability of funds, the Foreign Buildings Office intends to survey over a five-year period all posts with government-owned and long-term leased facilities. At the conclusion of FY-90, our goal is to have completed a total of 100 of the surveys, and to complete 50 inspections each year thereafter. Costs were $1,653,000 in FY-89 and are estimated to be $1,800,000 in FY-90, $1,000,000 in FY-91, and $1,300,000 in FY-92 and FY-93.

e: What proportion of the deficiencies noted in the engineering surveys are for routine items? Why weren't these problems corrected with routine maintenance funds?

ANSWER: The smaller routine maintenance items are corrected by the post staff with routine maintenance funds. These items have not been included in the data because the projects identified focus on larger repairs or problems and not on smaller, recurring preventive maintenance items. The surveys primarily express a backlog of major rehabilitation and systems replacement projects that are beyond the scope of the routine maintenance program funds. Many of these projects identified are non-recurring in nature and will be accomplished either using Special Maintenance and Repair, Minor Improvement or Facility Rehabilitation and Support System Program funds.

QUESTIONS SUBMITTED BY CONGRESSMAN EARLY

Acquisitions & Maintenance Of Buildings Abroad

QUESTION: What was the State Department's original request to OMB for the Acquisitions and Maintenance of Buildings Account? How would the extra funds have been used?

ANSWER: The State Department's request for the Acquisition and Maintenance of Buildings Abroad Appropriation was $407,150,000. This is $89,375,000 greater than our current appropriation request, exclusive of the recent amendment requesting $270 million for the Moscow NOB. This amount includes our capital program request to OMB which was $55,166,000 more than the pending appropriations request. The Department proposed to use these additional funds for a more intensive site acquisition and development program that would have provided funds for new construction sites in Abuja, Belgrade, Kampala, and Paramaribo. Design funds were requested for projects in Budapest, Seoul, Sofia, and Tel Aviv. Our request to OMB also included funds to site adapt the generic pre-engineered building design for four new facilities which are not included in our appropriations request. The OMB request also provided for capital construction in Bogota and Istanbul.

In addition to these capital program requirements, we requested $34,209,000 more than the pending appropriation request for functional program and ongoing operations of the Office of Foreign Buildings Operations. These additional funds would have provided for physical security upgrades at four posts, installation of additional fire alarm and suppression systems, and would have enabled the Department to shorten the replacement cycles of power support systems. Our new program initiative for systems rehabilitation and support systems replacement was $5,000,000 larger than our pending appropriations request and would have included critical repairs to facilities in Brazzaville, Brussels and rehabilitation of residential facilities in Kinshasa. We also requested funds to renovate post communications centers at three additional posts.

The Department also had $76 million in additional requirements which were not included in the original OMB request. These requirements covered such items as: construction security, the general pay increase and funding to restore the FAAS program to its pre-FY 1990 levels.

QUESTION: What impact did the sequester and transfer of $51,152,000 to the salaries and expense have on the Acquisition and Maintenance Account? What construction and/or maintenance was halted or delayed due to this decrease in funds?

ANSWER: The sequestration of Fiscal Year 1990 funds reduced appropriations to the Foreign Buildings account by $3,483,000. This resulted in budget reductions to the Bangkok, Port Moresby, and Bonn Chancery rehabilitation projects.

To accommodate this budget reduction, the Department will defer routine maintenance tasks by reducing maintenance allotments on a pro rata basis. The effect of this sequestration is to add to the existing maintenance backlog now estimated at $450.0 million.

If project schedules mandate, we will reprogram funds within the capital program to restore the budget reductions resulting from sequestration to the Port Moresby project and for project supervision support, if it becomes necessary to obligate these funds this fiscal year. The Department has reprogrammed funds from the Bonn Chancery building rehabilitation project to acquire sites in East Berlin. Accordingly the sequestration will not impact on this project.

The Department has identified $51,152,000 of the funds appropriated to the Bangkok project as the source of the transfer to the Department's Salaries and Expenses Account. These funds will only be transferred following repeal of Section 614 of the Department's appropriation bill.

QUESTION: Last year you were in the planning stages of a lease/purchase agreement in Hong Kong and Brasilia. What is the current status of these negotiations? How many properties are currently under some type of lend lease mechanism? Are there any plans to expand this program to any other properties? If so, where?

ANSWER: Last year we issued an RFP for residential properties in Hong Kong which attracted over 40 respondents; their interest flagged when they were confronted with the complexity of USG contracting requirements. With the assistance of an outside consultant, we are preparing a new, simplified solicitation for acquisition services for obtaining residences by lease/purchase. Hong Kong continues to be one of the highest lease cost posts in the world and A/FBO will pursue all proposals in an effort to identify cost effective alternatives for housing our employees.

In Brasilia we are developing a plan to exchange forty aging apartments for construction/development of new housing on existing Government-owned land. We are working with the Embassy to prioritize their housing requirements, gather essential information (zoning restrictions, developer interest in such a project, etc.) and develop options for maximum property utilization. A/FBO will then prepare a solicitation package for this project; we expect to issue the RFP by the end of the year. This is a complex project which will require extensive planning; our current expectation is to fund the project entirely with existing assets.

Lease/purchase arrangements utilize a variety of payment schedules. Some of these apply the appraised value of the property and divide it into equal payments over the duration of the lease, at the end of which we take title to the property. Others provide for some portion of the lease payment to be applied to the acquisition cost of the property, with a balloon payment at the end of the lease term. However, most frequently the annual payments for such arrangements exceed prevailing rental rates and put a strain on our already tight leasehold budget. Therefore, each such proposal is closely reviewed for cost effectiveness and to ensure that it does not adversely affect the overall leasing program. A/FBO currently has sixteen ongoing lease/purchase arrangements totalling 34 residential units, one warehouse, and three office compounds.

QUESTION: What is the current status of the CAD/CAE program (computer aided design/computer aided engineering)?

ANSWER: The current status of the CAD/CAE Program in A/FBO can best be discussed in terms of our near term, intermediate term, and long term CADD (computer aided design and drafting) goals.

Our near term goal is to introduce CADD technology into the FBO workplace in locations where immediate applicability has the most potential. Currently we have one PC-based CADD workstation installed, two more on order, and two professional draftspersons have been trained. We have three CADD specialists working on our initiatives.

Our intermediate goal is to test the utility of CADD technology to a broad cross section of FBO activities. We believe the best approach is with one or more demonstration projects. Each demonstration project will use CADD to follow a project from start to finish. We will require CADD deliverables from the A-E (architect-engineering firm) and exchange edited CADD drawings with the A-E as we gain the necessary skills. These same CADD files will be used to assist construction, and the CADD version of as-built drawings will be used for facility management.

Our long range goal is the development of a CADD requirements analysis and strategic plan that can be translated into a major procurement specification for FY92 or beyond. We anticipate the completion of the strategic plan this fiscal year.

QUESTION: You were planning on spending $395,000 for expansion/evaluation of the pilot program in FY90. Will that amount be spent? If not, how much will be spent and how will these funds specifically be used?

ANSWER: Under our current plan for CADD we will use the funds for the following purposes: two fully configured CADD PC workstations already on order, three CADD specialists, three additional CADD workstations (including software and peripherals) for the first demonstration project, and training for about 15 people.

QUESTION: Have you completed any type of evaluation on the pilot program? What are the initial findings of the evaluation of the pilot program? Is the State Department satisfied with these findings?

ANSWER: We are not far enough into the pilot or demonstration project to have had an evaluation. A written evaluation methodology for each separate CADD initiative will be part of the strategic plan, to be completed in the next several months.

QUESTION: How much are you requesting in FY91 for the CAD/CAE program? Is this amount sufficient to keep you on your time frame for implementation in FY91/92?

ANSWER: In FY91, we anticipate spending $370,000 for the following: six additional CADD workstations, additional add-on software and peripheral hardware for existing CADD workstations, continuation of the CADD specialists, and continued funding of the demonstration project (A-E costs for CADD deliverables, and A-E assistance in review of CADD deliverables and in application of CADD deliverables to the construction process.) These initiatives will allow us to develop a procurement specification in FY92.

QUESTION: The State Department is requesting $500,000 in FY 91 for Energy Analysis surveys at nine posts. Are these the same posts which were to be surveyed in FY '90?

...If so, why are more funds needed?
...If different posts, where are these posts located?

ANSWER: The request for $500,000 in FY'91 for Energy Analysis Surveys does not cover the same Posts that were surveyed in FY'90. We have identified additional Posts where major savings are achievable through energy retrofit. We are planning to accomplish energy analysis surveys at Ankara, Turkey, Bangkok, Thailand, Belgrade, Yugoslavia, Canberra, Australia, Copenhagen, Denmark, Seoul, Korea, Stockholm, Sweden, Warsaw, Poland, and Vienna, Austria.

QUESTION: Due to the changes occurring in Eastern Europe, are there any plans being developed to open new posts? What effect will this have on future budgets for this account?

ANSWER: The Department intends to open a Consulate in Bratislava, Czechoslovakia this year with one to two American positions in the US Government-owned Consulate building there. We also are in the early planning stages of opening a Consulate in Leipzig in the German Democratic Republic, although the USG has no owned or leased property there at this time. In the USSR, the Department has long planned to open a new Consulate General in Kiev.

Our preliminary cost estimates of facilities support to be provided by the Foreign Buildings Account which are unbudgeted are approximately 1.3 million annually. This estimate provides for leasing facilities and renovations required to establish provisional unclassified consulates at Bratislava, Leipzig, and Kiev; and the cost of residential leases for 70 additional direct hire and service contract personnel who will be assigned to our missions in Budapest, Berlin, Moscow, Leningrad, Prague, Sofia, Warsaw, and Krakow.

QUESTION: The State Department is planning on reprogramming $65,000,000 of capital program balances to absorb the construction security program requirements. What impact will this have on capital programs in the future?...Are there any specific projects which will be targeted to offset the $65 million, or will there just be an across the board reduction in the capital program?

ANSWER: We will request an amendment to our FY91 budget submission.

The Department is currently exploring several options for funding this program requirement including use of funds from other cancelled projects or those which are not scheduled to proceed to construction until FY 1992. We will consult with the subcommittee prior to making a final decision on this matter.

QUESTION: The State Department is requesting $13 million for security projects at overseas facilities maintained by AID, DOC, USIA. Will the State Department be reimbursed for any of these funds by these Agencies?

ANSWER: The Diplomatic Security Act of 1986 provided to the State Department the authority to request appropriations for security upgrades at facilities separately maintained by AID, DOC, and USIA. This was done to assure integrity of the world-wide security program and assure that security standards and policies would be the consistently applied for all agencies. These Agencies do not reimburse the Department for these costs.

QUESTION: The State Department has spent approximately $7 million on the development and purchase of three EGIS detectors for embassy security. Are there any funds being requested in the FY91 budget for any additional purchases of the EGIS detector?

ANSWER: No funds have been requested to purchase EGIS in FY91.

QUESTION: Why not?

ANSWER: In order to support current physical security operational programs it was necessary to curtail further development.

QUESTION: Has the State Department found any problems with the EGIS system?

ANSWER: Extensive domestic and overseas testing, conducted independently by the Department and by foreign governments, demonstrated that EGIS has exceptional explosives vapor detection sensitivity and selectivity. However, common to most first-run production machines, electro-mechanical problems have been experienced in the equipment and have to be resolved before state can incorporate EGIS into a reliable bomb detection program. At State's direction, Thermedics, Inc., which developed the EGIS detector, is currently concentrating on making EGIS more reliable so that it can successfully operate in the field for 90 consecutive days without a major system failure. This is a minimum requirement for feasible overseas operation. Additional reliability testing is scheduled to begin in April 1990 at three U.S. facilities and will last 30-90 days, depending on the amount of success.

QUESTION: How much money would be needed to purchase the EGIS for high-risk overseas embassies?

ANSWER: If EGIS passes reliability tests, a manageable first year program of ten high-risk embassies and consulates would cost approximately $1.5 million covering initial purchase and one year of maintenance and training.

QUESTIONS SUBMITTED BY CONGRESSMAN ROGERS

Authorization Required

QUESTION: Please list the components of the Acquisitions and Maintenance of Buildings Abroad budget request which are not authorized.

ANSWER: The Department's budget request for Acquisition and Maintenance of Buildings Abroad is $317,775,000. In addition, a budget amendment was submitted requesting $270,000,000 for reconstruction of the Moscow Embassy Building. The Department's biennial authorization earmarked $227,656,000 activities including leaseholds and living quarters allowances, maintenance and renovation programs, and administrative support for the overseas building program. By these calculations there is a authorization deficit of $360,119,000. A supplemental authorization of $360,000,000 has been requested by the Administration and if enacted by the Congress will be used for reconstruction of the Moscow Embassy and other routine FBO project activity.

Project Backlog

QUESTION: What is the current estimate of new construction, security construction, and maintenance projects not yet funded? Are you revising this?

ANSWER: The five year plan included in our FY 1991 budget request identified capital construction projects totalling $2.1 billion through FY 1995. Completion of these projects would require an estimated $351,000,000 in construction security costs. Based on surveys of our existing facilities, we estimate an additional $450.0 million is needed for rehabilitation and systems replacement requirements.

The Department continuously reviews its construction and maintenance priorities in light of an improved understanding of facility conditions and changing world events, ie. Eastern European posts. A revised five year plan will be submitted in connection with the FY 1992 budget request.

QUESTION: To the best of your knowledge, which fifteen of State's owned or long-term leased posts or facilities are of the highest priority with respect to maintenance problems? Of those, which are without funding?

ANSWER: There are many posts in need of major rehabilitation work. We use the results of Global Maintenance surveys, Field Budget Requests, and other lists of posts' requirements to identify priority projects. The following are 15 high priority projects requiring major rehabilitation:

Post	Project
Colombo	Old Chancery Building Rehab.
Islamabad	OBC Facade/Structural
Kinshasa	Total Post Rehab & Housing
Leningrad	COB, Heating Rehab.
Brazzaville	Total Post Rehab.

Post	Project
Vienna	OBC Facade
Brussels	OBC/EMR/DCR Repairs and Rehab.
Paris	Office Bldgs. & Apartment Rehab.
Prague	EMR Facade and Plumbing
Santo Domingo	OBC/COB/EMR Rehab.
Tegucigalpa	OBC Roof Replacement
Frankfurt	COB
New Delhi	Total Post Rehab.
Karachi	COB Mech/Electrical Rehab.
Osaka/Kobe	POR Rehab.

As more Global Maintenance Surveys are completed, and more urgent requirements are identified, the above list may change.

Funding for Colombo, Islamabad, Kinshasha, and Leningrad is requested for the FY91 budget. The Vienna facade project required immediate attention and it was funded from existing resources. Partial funding has also been allotted for Brussels, Paris, Prague and Santo Domingo. The remaining projects are unfunded at this time.

Housing Project in Bissau, Guinea-Bissau

QUESTION: You have indicated you intend to reprogram $460,000 for the construction of four houses in Bissau, Guinea-Bissau, citing delays that have resulted from the need to suspend the original contract and award a new construction contract. The delays were caused by poor performance on the part of the original 8(a) set-aside contractor, who I understand has declared bankruptcy, as has the bonding company. How much was the original contractor paid and when were the payments made?

ANSWER: The original contractor was paid $1,334,768. Payments were made every month from August 1988 to July 1989. Payments included the labor, materials and the overhead costs. Contractor was paid for all the materials shipped to site.

QUESTION: According to the reprogramming letter to the Committee, the estimated total costs are now $3,117,000, including the $460,000, meaning the original cost of constructing the four houses was $2,657,000 -- or $664,250 per unit. Why are these units so expensive? Are there particular problems unique to the area? What is the size of each unit?

ANSWER: The high cost is attributable to the unique conditions found in this country. There are no local resources available, and all construction materials have to be imported. Furthermore, there is little or no skilled labor available and all skilled labor is imported from Portugal or Senegal. Transportation costs are high and, except for air shipment, are difficult to manage. Additionally, all construction equipment and tools must be imported.

The size of each housing unit is 2500 gross square feet.

QUESTION: What type of staff (and their families) are expected to occupy them? Where do these staff currently reside? How many staff do we have in Guinea Bissau?

ANSWER: The staff houses will be occupied by mid-career officers. Currently the Embassy's staff are in short-term leased apartments or residences. Short-term leased properties in Bissau are substandard, and landlords do not repair them. There are 13 American employees at Post.

QUESTION: Will the new contractor be able to pick up where the old one left off, without changes and further costs? Specifically why is the $460,000 necessary?

ANSWER: The new contractor has picked up where the old one left off. However, extra funds are required for remedial work to correct deficiencies and cover the expenses of a new contractor. The expenses are:

Mobilization expenses (from Lisbon to Bissau).

Living expenses for up to 15 skilled laborers for 7 months.

Orders for Government Furnished Equipment. The Original Bill of Materials (BOM) prepared by the first contractor was incorrect. The new B.O.M. had to be made and materials procurred and shipped.

Roof trusses and associated work had to be redone because of the poor quality of work by the original contractor.

Contingency costs in excess of that allocated in the original contract.

QUESTION: The reprogramming letter indicates that the project is 50% complete. Are any of individual units complete or closer to completion than the others? Could the project or unit size be scaled back?

ANSWER: None of the 4 houses is complete. The outer shell of all 4 houses is up and the roof of 3 out of 4 houses has been installed. The original contractor could not complete any of the houses, because he ran out of lumber due to incorrect estimates on the bill of materials. Quality, treated wood is not available in Bissau, and most lumber has to be imported. At this stage, the only way to downscope the construction would be to abandon the work already completed on two of the houses losing the already sizeable investment we have made. We would then have to make alternative housing arrangements for the proposed occupants.

Maintenance Assistance Centers

QUESTION: You are requesting $22,415,000 to continue the two Maintenance Assistance Centers, which are located in Belgium and Washington, and are aimed at providing cleared maintenance workers for our posts within Eastern European nations. Explain the functions of the two centers and why you maintain a center in Washington, D.C.

ANSWER: Your figure represents the entire Facilities Maintenance budget request. The combined budget for the two Maintenance Centers is $12,415,000 with $5,325,000 for EURMAC and $7,090,000 for WASHMAC.

EURMAC provides Top Secret cleared Americans to support the Department's East European Bloc facilities with technical expertise and quick response. EURMAC personnel provide preventive maintenance, repair, replacement, renovation and rehab of mechanical systems, electrical systems and general building repair primarily in secure areas (CORE). Secondarily, EURMAC personnel will provide the same services outside the CORE areas where no local expertise exists, where sensitive security issues are a concern or when EURMAC can more efficiently and cost effectively complete a specific project than an outside contractor. Preventive maintenance is conducted on a regularly scheduled rotating trip schedule. Major renovations such as projects including structural upgrades and construction of new buildings will be done through outside contractors.

WASHMAC provides maintenance and repair services for State Department overseas facilities worldwide other than Eastern European Bloc post. WASHMAC's emphasis is support for posts in Third World countries. At present WASHMAC personnel are responding to taskings resulting from findings of post condition surveys, known back-logged maintenance/repair requirements and urgent repair needs such as roof leaks, electrical and mechanical "breakdowns," renovations and upgrades in security sensitive areas. Because it serves the entire world, it is more cost effective and administratively efficient to locate WASHMAC in Washington, D.C.

Condition Surveys

QUESTION: You are requesting $1,000,000 to continue the performance of post facility condition surveys. Please list the posts you will have surveyed under the program through FY90, and those you expect to survey in FY91. How are these posts chosen?

ANSWER: Fifty-seven posts have been completed as of March 1990. Attached is a list identifying those posts that will be surveyed by the end of FY91 and beyond. The first thirty posts were selected from a sampling of large, medium and small posts from each geographic area for use in a statistical cost projection. The remaining posts have been selected based on a number of factors including historical data on buildings conditions, post perceived maintenance needs, geographical area, and knowledge of local capability to provide maintenance services to posts.

POST SURVEYED BY
GLOBAL MAINTENANCE SURVEY PROGRAM
AS OF 3/30/90

CITY	AREA	CITY	AREA
1. Valletta	EUR	29. Canberra	EAP
2. Abidjan	AF	30. Fukuoka	EAP
3. Accra	AF	31. Melbourne	EAP
4. Bamako	AF	32. Osaka	EAP
5. Brazzaville	AF	33. Shenyang	EAP
6. Dakar	AF	34. Sydney	EAP
7. Dar Es Salaam	AF	35. Wellington	EAP
8. Djibouti	AF	36. Brussels	EUR
9. Kigali	AF	37. Florence	EUR
10. Kinshasa	AF	38. Frankfurt	EUR
11. Libreville	AF	39. The Hague	EUR
12. Lilongwe	AF	40. Hamburg	EUR
13. Lubumbashi	AF	41. Luxembourg	EUR
14. Maputo	AF	42. Naples	EUR
15. Mombasa	AF	43. Medan	EAP
16. Nairobi	AF	44. Quebec	EUR
17. Niamey	AF	45. Rome	EUR
18. Brasilia	ARA	46. Stockholm	EUR
19. Bridgetown	ARA	47. Stuttgart	EUR
20. Buenos Aires	ARA	48. Vatican City	EUR
21. Guatemala	ARA	49. Abu Dhabi	NEA
22. Guayaquil	ARA	50. Alexandria	NEA
23. Kingston	ARA	51. Bombay	NEA
24. Port au Prince	ARA	52. Calcutta	NEA
25. Port of Spain	ARA	53. Casablanca	NEA
26. Recife	ARA	54. Colombo	NEA
27. Santo Domingo	ARA	55. New Delhi	NEA
28. Auckland	EAP	56. Amsterdam	EUR
		57. Guadalajara	ARA

POSTS TO BE SURVEYED UNDER GLOBAL MAINTENANCE SURVEY PROGRAM DURING REMAINING FY'90 & FY'91/'92

Capetown	AF	Durban	AF
Johannesburg	AF	Pretoria	AF
Mogadishu	AF	Freetown	AF
Victoria	AF	Mbabane	AF
Zanzibar	AF	Paramaribo	ARA
San Jose	ARA	Bangkok	EAP
Montevideo	ARA	Taipei	EAP
Chiang Mai	EAP	Praia	AF
Singapore	EAP	Windhoek	AF
Kaduna	AF	Maseru	AF
Port Louis	AF	Curacao	ARA
Panama	ARA	Matamoros	ARA
Guadalajara	ARA	Monterrey	ARA
Merida	ARA	Tijuana	ARA
Nuevo Laredo	ARA	Lisbon	EUR
Mexico City	ARA	Lima	ARA
Oporto	EUR	Port Moresby	EAP
Asuncion	ARA	Karachi	NEA
Islamabad	NEA	Peshawar	NEA
Lahore	NEA	Rabat	NEA
Muscat	NEA	Kuwait	NEA
Tangier	NEA	Sapporo	EAP
Pusan	EAP	Yokohama	EAP
Tokyo	EAP	Budapest	EUR
Beijing	EAP	Belgrade	EUR
Jerusalem	NEA	Dublin	EUR
Bucharest	EUR	Georgetown	ARA
Chengdu	EAP	San Salvador	ARA
Tel Aviv	NEA	Bogota	ARA
Tegucigalpa	ARA	Porto Alegre	ARA
West Berlin	EUR	Hamilton	EUR
Helsinki	EUR	Nassau	ARA
Quito	ARA	Suva	EAP
Santiago	ARA	Barcelona	EUR
Sao Paulo	ARA	Seville	EUR
La Paz	ARA	Jeddah	NEA
Belize	ARA	Sanaa	NEA
Hong Kong	EAP	Surabaya	EAP
Tunis	NEA	Belfast	EUR
Madrid	EUR	Riyadh	NEA
Dhahran	NEA		

POSTS TO BE SURVEYED UNDER GLOBAL MAINTENANCE SURVEY PROGRAM DURING REMAINING FY'90 & FY'91/'92 CONTINUED

Edinburgh	EUR
Ankara	EUR
Geneva	EUR
Baghdad	NEA
East Berlin	EUR
Guangzhou	EAP
Moscow	EUR
Warsaw	EUR
Nicosia	EUR
Antananarivo	AF
Bissau	AF
Conakry	AF
Kampala	AF
Lome	AF
Ouagadougou	AF
Yaounde	AF
Antwerp	EUR
Bern	EUR
Calgary	EUR
Copenhagen	EUR
Lyon	EUR
Montreal	EUR
Ottawa	EUR
Prague	EUR
Toronto	EUR
Vienna	EUR
Damascus	NEA
Madras	NEA
Lusaka	AF
Caracas	ARA
London	EUR
Izmir	EUR
Amman	NEA
Gaborone	AF
Havana	ARA
Prague	EUR
Poznan	EUR
Addis Ababa	AF
Bangui	AF
Bujumbura	AF
Harare	AF
Lagos	AF
Nouakchott	AF
Jakarta	EAP
Athens	EUR
Bordeaux	EUR
Halifax	EUR
Marseille	EUR
Munich	EUR
Paris	EUR
Strasbourg	EUR
Vancouver	EUR
Warsaw	EUR
Kathmandu	NEA
Thessaloniki	EUR
Monrovia	AF
Rangoon	NEA
Oslo	EUR
Kuala Lampur	NEA

QUESTION: Have the surveys resulted in the identification of any posts requiring immediate attention? If so, please name and describe your plans to address.

ANSWER: Yes. The surveys have identified four major posts requiring immediate attention. They are Colombo, Islamabad, Kinshasha and Leningrad and they have been included in our FY 1991 budget request.

QUESTION: Do you plan to base your priority rehabilitation projects on the results of these surveys?

ANSWER: The results of these surveys, along with projects that have been previously identified in the A/FBO backlog of requirements, are presently used to prioritize rehabilitation and repair projects world wide. As more and more surveys are completed, their results will become the primary source of information on which our prioritization decisions will be based.

QUESTION: Have those surveys completed provided any insight into the overall replacement needs and costs of our current inventory?

ANSWER: The first 30 surveys statistically projected an overall rehabilitation and maintenance backlog of approximately $450 million. The remaining 27 surveys confirmed this projection of our world wide maintenance needs. Furthermore, the surveys have validated our assumptions of our "most pressing needs", and these are, in order of importance, (1) electrical, (2) mechanical systems, such as plumbing, heating and cooling systems, and (3) roofs and (4) general interior and exterior renovations.

QUESTION: Who is conducting the surveys?

ANSWER: Initially, the consulting firms of Entek and ESE were contracted to perform the first thirty surveys. Since then, ESE was selected to complete the remaining post surveys. Our plan is to also utilize in-house survey teams in the future to accelerate the program and reduce costs.

Site Acquisition and Design

QUESTION: You are proposing in this budget that the costs for site acquisition and design of high priority projects be funded separately from the construction costs, similar to the reprogramming procedures currently used. Explain the benefits you associate with this method of budgeting?

ANSWER: As you are aware, the embassy program has been financed on a full funding basis since 1985. However, the full funding approach requires forecasts of too many unknowns, such as estimating the cost of construction before we have purchased a site and determined the actual design requirements. This year we have introduced a separate line item for site acquisition and design development. Under the separate funding approach, project sites will be acquired and concept designs will be developed in advance so that construction costs can be accurately estimated before the construction budget request is presented to the Congress.

QUESTION: Under this method, would the Congress be provided with the estimated total costs of a project after completing a certain percentage of design work? Would there not be serious potential sunken costs should a project lose support due to final cost estimates?

ANSWER: We intend to request project construction funding after completion of the 35 percent design phase. At that design stage we can lock in the project scope and provide firm construction estimates to the Congress. We do not anticipate any major deviation from these estimates during the course of the project. Under our "design to budget" approach to construction and the cost control measures we are instituting with our configuration management system, we feel confident that we will be able to control changes and, by doing so, control the cost increases associated with such changes. While it is true that design costs would be sunk costs at the 35% stage, if construction funding is not provided, we anticipate managing the site acquisition and design program to assure that the funding level for construction fits within budget planning allowances for both the Administration and the Congress. Key to the success of this program is a consensus on the sustained annual base funding levels for construction in the five year program, as shown in the Fiscal Year 1991 Budget Request.

QUESTION: On the average what percentage of a project's total costs are related to site acquisition and design? What percentage of an average project's cost are related to design work?

ANSWER: The site and design costs average 20 percent of the overall project cost. Site acquisition normally averages 14 percent of the total and design averages 6 percent.

QUESTION: Could you quantify the improvements to cost estimates which separate site acquisition and partial design would provide?

ANSWER: Under the separate funding approach, the Department will be able to present to the Congress more accurate estimates of project construction costs than have been provided under full funding. In the past, a major factor that delayed schedules and consequently drove up costs was the difficulty in acquiring sites and the uncertainty in defining costs without a detailed scope or preliminary design.

QUESTION: What other agencies use this approach in their construction program?

ANSWER: We understand that this methodology is used by all other agencies with major construction projects, i.e., Department of Defense, GSA, and the Veterans Administration.

Multi-year Contracting Authority

QUESTION: Your testimony discusses the option of using multi-year contracting authority on new unfunded projects, and those funded projects for which the contract award is expected after FY 1992. Explain the benefits associated with this approach, and list those other government agencies which currently have such authority.

ANSWER: Multi-year contracting for capital construction, if implemented, would allow the Department to press forward on the enormous backlog of capital construction projects. Our current contracting methods require the Government to obligate and reserve the full construction costs for a facility upon the award of such contracts even though the payments under these contracts will continue throughout the entire construction period which may span three or more years. Multi-year contracting will allow the Department to initiate more construction starts within a fixed budget allowance and forestall the accrual of unobligated balances.

Multi-year contracting has been practiced by other Federal Construction Agencies. The Army Corps of Engineers has applied continuing contract authority for major public works projects and has used incremental funding for major military construction projects such as the Air Force's Large Rocket Test Facility, Arnold Engineering and Development Center, Tennessee. Also the Naval Facilities Engineering Command used this method for construction of the Trident submarine base, Kings Bay, Georgia, and the Travis Air Force Hospital, Fairfield, California. In FY 1990 Congress also authorized this method for USIA's radio facility requirements in Thailand.

QUESTION: One justification for a continuing contracting authority approach is the avoidance of providing all costs up-front. However, this approach would require up-front approval of and commitment to a project by the Congress. Under your current scenario, how would this approval process work? Would you seek authorization for individual projects of a certain magnitude?

ANSWER: Pending Administration and subsequent Congressional approval, if the Department uses multi-year contracting, we will enter into construction contracts for the full project construction costs with annual appropriations covering the construction work to be accomplished in that specific contract year. Reserves would be maintained to cover termination costs of the contract in the event of a funding hiatus or other unanticipated events in the appropriations process.

Our intent is to seek authorization for multi-year contracting on a program basis for all major capital construction projects.

QUESTION: What legislative authorities would be required for this approach?

ANSWER: The Department lacks specific legislative authority for multi-year contracting for the **acquisition of real property and the construction of diplomatic facilities overseas**. The Department of State has limited authority for multi-year funding for the procurement of property or services under Section 14 of the State Department Basis Authorities Act of 1956, as amended. However, specific legislative language which would permit the Department to use multi-year contracting for the acquisition of real property and construction of diplomatic facilities is still needed and is being developed within the Department.

QUESTION: Once the Congress had committed to a project, to be funded over several years, it would be difficult to terminate even in the face of cost increases in the outyears. How would you propose to ensure that project costs are controlled to prevent overruns?

ANSWER: Under full funding approach to construction projects, a major factor that delayed schedules and consequently drove up costs was the difficulty in acquiring sites and the uncertainty in defining costs without a detailed scope or preliminary design. Starting in FY 1991, we are requesting separate funds for site acquisition and design. This will allow us a head start without the need to have construction funds in hand. After site acquisition, we will request funding for construction after the design is at the 35 percent completion stage. This approach will produce more realistic budget estimates based on concrete project scopes and schedules.

Furthermore, in order to be able to better control changes and the resulting additional costs of our capital program, we have in place a configuration management system. The system establishes a baseline costs and schedule at the beginning of the project and introduces a control board to review and approve or disapprove proposed changes in execution schedules, scope and cost. As a matter of policy, we will consult extensively with all tenant agencies during design phase and expect them to sign acceptance of the 35 percent design plans. Subsequent change requests that impact project scope or budget will not be allowed unless there are overwhelmingly compelling security or safety reasons for doing so.

Security Standards

QUESTION: You state in your testimony that the Bureau of Diplomatic Security is developing revised, post-specific security standards for overseas projects. Please provide more information on this effort.

ANSWER: One of the major points in the report of the Inman Advisory Panel on Overseas Security was the need to develop adequate and comprehensive standards for the Department's major security programs and to apply them uniformly worldwide. The Bureau of Diplomatic Security began to reconsider the concept of uniform security standards for all posts abroad as the build-up of physical security and technical security programs progressed from 1985 to 1988. During this time, DS was criticized from many quarters for addressing security concerns overseas as if the security needs at all posts were essentially the same. It became obvious that DS had to reconsider its initial approach to implementing the original Inman Panel recommendations for these high capital cost programs.

In February, 1989 DS began a wholesale review of all existing overseas security standards. The goal was to develop a set of effective, approved standards whose detailed application would vary according to the specific threat levels of posts. A Standards Review Committee was created in April, 1989 to review all existing overseas security standards. The Committee revised the existing standards to specifically address four major threat categories: Terrorism, Human Intelligence, Technical Penetration, and Crime. They were further tailored to apply to specific threat levels at post - Low, Medium, High and Critical.

In keeping with the Department's obligations under the Diplomatic Security Act, DS has consulted other Federal agencies on the standards through the Overseas Security Policy Group (OSPG), which is reviewing the standards on an ongoing basis and providing DS with useful and practical input. Finally, Department bureaus with substantive interest are given the opportunity to review and clear the standards. Although the review process has been lengthy and at times protracted, the significant difference in these standards, compared to previous efforts, is that they are specifically measured against the threat the post faces and they have the clearances of every agency at post that is under the authority of a Chief of Mission. They have become, in effect, the security policies of the entire foreign affairs community worldwide.

The effective dates of the standards will be staggered because they are being released to posts worldwide on a program-by-program basis, as the clearance process is completed. To date, threat driven standards have been completed for several security programs including Residential Security, Local Guards, Contact Reporting, Personnel Security, and Emergency Planning. Other standards, including Construction Security are in different stages of completion. We plan to complete this work by the end of this Summer.

QUESTION: How do you plan to cope with the impact that world events might have on security standards over the next five or ten years?

ANSWER: The Department's revised security standards were developed specifically to provide the flexibility required to respond to changing threats to security at US missions abroad. All posts abroad are evaluated quarterly according to four threat categories - Terrorism, Human Intelligence, Technical Penetration, and Crime. Within these categories, the security vulnerability of each post is rated by threat level - low, medium, high or critical.

The threat level determines how security standards will be implemented at a specific post. If a post is rated low for crime for example, the standards would not require such posts to provide guards on a twenty-four hour basis at mission residences, other than for the Chief of Mission, who usually has a high profile in the host country. By contrast, at critical threat posts, residential guards would be provided for all mission employees. If threat levels change, security services can be altered to address the specific criteria of the new threat level. In the example just cited, guards can be added or eliminated to meet changing circumstances.

Our revised standards cover a variety of overseas security programs. These program standards will provide posts with the requirements needed to develop individual security profiles to suit their circumstances. As security situations change abroad, the Department will have the flexibility to adapt to them more effectively and efficiently.

Hong Kong Housing

QUESTION: Please update us on the Hong Kong housing situation.

ANSWER: In 1987, due to impending staff decreases of up to 30% and serious security concerns, the USG cancelled an agreement to purchase a 79-unit apartment building located at Bonham Road. Post is now searching for 20-50 replacement units.

A/FBO contracted with an 8(a) firm to develop a Request for Proposal (RFP) for acquisition services directed to financial institutions operating in Hong Kong who might be interested in working with the USG to a) purchase apartment units, b) lease them to the USG over a ten-year period, and c) provide the USG an option to purchase these units for a nominal sum at the conclusion of the lease. A similar solicitation was prepared last year but, in large part due to its complexity, failed to interest any offerors. A/FBO is now reviewing the RFP and when the review is complete will forward it to Post for comment and implementation.

Following their unsuccessful solicitation effort, however, the post explored with the owners the possibility of leasing/purchasing 20 units at 9 Brewin Path. In spite of the post's best efforts in negotiating the original asking price downwards, a cost/benefit analysis indicated it was not economically feasible to consider the lease/purchase of these units.

The post has been instructed to continue its search for individual units which the USG would consider purchasing, either as an outright purchase or under the terms of a lease/purchase agreement, depending upon the availability of funds and the success of the second solicitation for acquisition services.

QUESTION: How many units do we own, and how many properties are we leasing?

ANSWER: We own 35 residential units and lease 80 residential units. We have additional owned and leased buildings for office use.

QUESTION: Have you developed a plan for what our housing needs and staffing levels will be over the next several years?

ANSWER: With significant changes in Hong Kong's governance imminent, both the Regional Bureau and A/FBO are looking closely at the Post's future staffing and housing needs. A/FBO, after consultations with the Post and EAP, will develop a program to acquire additional housing in Hong Kong as necessary.

Overseas Housing Standards

QUESTION: GAO reported in December of 1989 that proposed revised overseas housing standards would actually increase the living space of personnel over the current non-representational standard, when the goal was to reduce the number of personnel living in representational housing without justification. Would you respond to the conclusions of the report?

ANSWER: Following GAO and OIG studies in 1987 and 1988, the Department undertook a thorough review of the current housing policy and space standards which were developed and implemented in 1979.

After a decade of use, it is clear that this initial policy is in need of revision in order to address more adequately the objectives of the housing program.

The original space standards were based on a study of new housing under construction in large development projects in the metropolitan Washington area. This information was the only publicly available data which linked square footage with the number of bedrooms; unfortunately, it made no correlation to family size or income level. We do not believe that this study necessarily represented "average" size housing at various income levels.

The Department's proposed interagency housing policy has taken into consideration the various recommendations made over the past several years by the GAO, OIG and Department management. It is true that there were increases in certain categories which the Department found to be supportable in view of information and statistics assembled for this review. However, there were also decreases in other categories. For example, under the current housing policy an estimated 800 employees occupy representational housing; under the proposed housing policy approximately 121 senior Department employees would be authorized similarly-sized housing.

QUESTION: GAO recommended that the Department arrange for a survey of housing in the metropolitan area in an effort to determine the average size housing that federal employees of different grade levels and family size occupy. They also recommend that revision of the standards be derived using this information. Has the Department carried out this recommendation? What other steps has the Department taken with respect to overseas residential housing?

ANSWER: In the fall of 1989, following completion of the GAO review of the proposed housing policy, the Department determined that a survey of metropolitan Washington area housing occupied by Foreign and Civil Service employees would be essential to support its findings. The lengthy process of developing a random sample, mailing out questionnaires, contracting for appraisal firms to measure the properties, and collecting the resulting data was initiated in late 1989. We are now in the final phase of information-gathering and compiling the results of the survey. Our final report will be presented to interested Congressional committees this summer.

On other fronts, the Department has implemented an annual certification by the Chief of Mission stating that all housing has been acquired and assigned in accordance with policies and procedures governing the overseas housing program. The first submission was received in October 1989 and it is clear that Chiefs of Mission are taking this responsibility seriously. We are also introducing changes to the automated real estate management system (REMS) which will allow the Department to monitor more closely post compliance with the housing policy, thereby strengthening our oversight capabilities.

Mr. SMITH. At this point in the record we will insert the jusitifications submitted in support of the fiscal year 1991 budget request for Protection of Foreign Missions and Officials. Following the justifications, we will include a prepared statement submitted by Assistant Secretary Sheldon J. Keys from the Bureau of Diplomatic Security, as well as questions on the Protection of Foreign Missions and Officials request to be answered for the record.

[The justifications, prepared statement of Mr. Keys, and questions submitted to be answered for the record follow:]

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

For expenses, not otherwise provided, to enable the Secretary of State to provide for extraordinary protective services in accordance with the provisions of section 214 of the State Department Basic Authorities Act of 1956, and to provide for the protection of foreign missions in accordance with the provisions of 3 U.S.C. 208, $9,100,000. ***(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)***

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

FY 1991

SUMMARY STATEMENT

(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
--	$9,100	--	$9,100	--	$9,100	--	$--

I. Summary

The Bureau of Diplomatic Security administers the Department's two programs to protect foreign missions and officials. These programs are: Protection of Foreign Missions and Officials throughout the U.S. (22 C.F.R.) and the Protection of Foreign Missions and Officials Accredited to the United Nations and other international organizations (Title III, Sections 202 and 208 of the U.S. Code). These programs are supported by two positions in the Protective Liaison Division, one position in New York, and one position in Los Angeles.

These programs fulfill the Department's obligations under the Vienna Conventions and other international treaties to protect foreign officials. The objectives of the Department's programs to protect foreign missions and officials are: 1) to provide routine protective security support to foreign diplomatic and consular establishments and accredited personnel; 2) in cases of extraordinary need, to provide direct assistance and/or secure police or private firm-sponsored protective support to foreign missions and officials; and, 3) in connection with official functions of international organizations in the U.S., to administer funds used to reimburse state and local police departments for extraordinary protection of foreign missions and officials.

II. Current Programs

The FY 1990 base for extraordinary protection of foreign missions and officials in states and cities throughout the U.S. (except embassies in Washington, D.C., which are covered by the Secret Service) is $2,078,000. Under the authority of the Foreign Missions Act of 1982, extraordinary protection for foreign diplomats and their facilities is presently arranged where necessary, either at the request of a foreign mission or by the initiative of the Secretary of State. This authority permits the Department to use its resources to augment efforts by those of state and local governments or private security firms. Examples of the protection afforded foreign missions and officials in the United States include:

- the permanent protection of nine missions in New York City and the Turkish Consul and Vice Consul in Los Angeles; and
- intermittent protection to seven quasi-diplomatic establishments and forty consulates.

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

II. Current Programs (continued)

In carrying out the reciprocal protection responsibilities in the United States, the Protection of Foreign Missions and Officials program ensures that adequate protection is afforded to our U.S. diplomatic personnel and facilities overseas.

The authority for the Department to reimburse New York City for the protection of foreign missions and officials accredited to the United Nations and other international organizations is contained in Public Law 94-196. The FY 1990 base for this program is $7,022,000. Since the beginning of FY 1989, there have been 33 visits during the United Nations General Assembly, including Mikhail Gorbachev's visit in December 1988.

III. 1991 Plans

The Department's FY 1991 request of $9,100,000 for the Protection of Foreign Missions and Officials maintains the same level of funding as requested in FY 1990. Through a careful direction of resources, the appropriation has been able to use the same level of funding since FY 1987. In recent years this effort has been enhanced by the close scrutiny of claims presented for payment. The program disallows all unfounded and unsubstantiated claims and will continue to adhere to strict financial controls in FY 1991. The request of $9,100,000 in FY 1991 will allow the appropriation to continue to carry out its mission and fulfill its reciprocal duties in the conduct of diplomatic relations. The request does not provide for any new program initiatives.

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
Protection of Foreign Missions and Officials				
Protection of Foreign Missions and Officials of the United Nations..............	$7,078	$7,022	---	$7,022
Protection of Foreign Missions and Officials throughout the U.S..............	2,022	2,078	---	2,078
GRAND TOTAL	9,100	9,100	---	9,100

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
2100 TRAVEL AND TRANSPORTATION OF PERSONS.............	$33	$33	—	$33	—
2300 RENTS, COMMUNICATIONS AND UTILITIES.......	26	26	—	26	—
2500 OTHER SERVICES........	9,040	9,040	—	9,040	—
2600 SUPPLIES AND MATERIALS	1	1	—	1	—
Total, Budget Unit	9,100	9,100	—	9,100	—

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

FY 1991

Justification of Program Activities

(dollars in thousands)

	Positions		Funds
	American	FSN	
1991 Request......................	--	--	$9,100

Under international law, the United States is obligated to assure reasonable security for foreign missions and officials in the United States. Because of reciprocity, the degree of protection the Department provides to foreign officials in the U.S. has a direct impact upon our ability to obtain adequate security for our diplomats and facilities abroad.

In fulfillment of its responsibilities as a signatory to the Vienna Conventions on Diplomatic (1961) and Consular (1963) Relations, the Department administers the reimbursement program established to protect foreign missions and officials accredited to the United Nations and the reimbursement program for the protection of foreign missions and officials throughout the United States. These programs do not establish any entitlements for any state or local recipient. A description of each program follows:

Protection of Foreign Missions and Officials Accredited to the United Nations, $7,022,000

The Department's authority to reimburse New York City for the protection of foreign missions and officials accredited to the United Nations and other international organizations is contained in Public Law 94-196. The FY 1991 request for this program is $7,022,000. It provides for reimbursement to the New York City Police Department for static guard posts and security escort and motorcade services for the foreign missions and personnel assigned to the United Nations and to visiting foreign dignitaries if the visit is connected with activities involving missions to the United Nations.

Extraordinary Protection of Foreign Missions and Officials Throughout the United States, $2,078,000

Under the Foreign Missions Act of 1982, extraordinary protection for foreign diplomats and their facilities throughout the U.S. can be arranged, where necessary, either at the request of a foreign mission or by the initiative of the Secretary of State. This authority also permits the Department to use its own resources to assist in the protection of foreign missions and officials throughout the U.S. Further, in those instances in which state and local authorities cannot provide the required protection, the Foreign Missions Act enables the Department to employ the services of private security firms. The FY 1991 request for this program is $2,078,000.

Department of State
FY 1991 Budget Estimates
Protection of Foreign Missions and Officials

Statement of
Sheldon J. Krys
Assistant Secretary
Bureau of Diplomatic Security

before

The House Subcommittee on Appropriations
for
Commerce, Justice, State, The Judiciary and Related Agencies

March 20, 1990

Mr. Chairman and Members of the Subcommittee:

I am pleased to appear before this Subcommittee to discuss the Department's FY 1991 budget request for the Protection of Foreign Missions and Officials.

Our proposed request today relates to the U.S. Government's obligation under the Vienna Convention and other international treaties to assure reasonable security for foreign missions and officials in the United States. The degree of protection provided to these dignitaries directly affects security arrangements for our diplomats and facilities abroad. To address this critical obligation, the Bureau of Diplomatic Security administers two parallel programs in which we reimburse state and local authorities and private contractors for extraordinary protective services for foreign missions and officials. To administer these programs in FY 1991, the Department is requesting $9,100,000 -- the same level appropriated for FY 1990.

Before discussing each program, I wish to highlight two of our efforts this past fiscal year. First, one goal of the Bureau of Diplomatic Security has been to educate state and local law enforcement authorities concerning all facets of diplomatic life in the United States. To this end, we have continued our local law enforcement seminars. The single most positive result of these presentations has been more uniform regulations governing the handling of foreign diplomats by local law enforcement officials. Another benefit of these seminars is that the protective assistance provided the bureau by local law enforcement has increased considerably. Second, to enhance our program which addresses procedural security concerns of resident foreign missions, personal presentations have been made to the Washington diplomatic community. These briefings have provided a thorough explanation of the expertise available and continue to sensitize the diplomatic community to security issues.

The first of our two parallel programs addresses reimbursement to New York City area police departments for the protection of foreign missions and officials accredited to the United Nations and other international organizations as granted to the U.S. Secret Service by Public Law 94-196. This specific reimbursement authority was transferred to the Secretary of State by E.O. 12478. Funds are dispersed to New York City area police departments for such items as static guard posts, security escorts, and motorcade services. This authority also covers those services for visiting foreign dignitaries, if the visit is connected with activities involving missions to the United Nations. The FY 1991 request for this program is $7,022,000.

The second program operates under the 1985 amendment to the Foreign Missions Act which specifically authorizes extraordinary protection for foreign diplomats and their facilities in cities throughout the United States. This may be arranged either at the request of a foreign mission or by the initiative of the Secretary of State, wherever circumstances or high profile itineraries generate the possibility of threats or violence. This authority permits the Department to use its own resources or to employ the services of private security firms in those instances in which state and local authorities cannot provide the required protection. The Department then reimburses those local authorities and private firms for providing whatever protection is required in extraordinary situations. The FY 1991 request for this program is $2,078,000.

This concludes my statement. I would be pleased to respond to any questions from the Chairman or subcommittee members.

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

Protection of Foreign Missions and Officials

QUESTION: What was your budget request to OMB, what reductions did OMB make in the request and what will be the impact of those reductions on your FY 1991 activities.

ANSWER: Our original submission was approved without alterations. For FY 1991, we anticipate no adverse impact in meeting our established goals for the Protection of Foreign Missions and Officials (PFMO). Our request for FY 1991 was $9,100,000.

QUESTION: How much have the costs of this program increased in the last year, and how will these costs be handled if you receive no funding increase?

In your statement you referred to the program of local law enforcement seminars. What is the status and scope of this program?

ANSWER: The history of this program shows only one year where expenditures outweighed the appropriation. As a result of the Shevardnadze and Gorbachev visits to New York City in 1989, we anticipate that we will be unable to fully reimburse New York for the cost of protection services. We have not yet received all of the bills from New York, so we do not know what the FY 1989 shortfall will be. We will meet some of the shortfall by using the remaining "no-year" funds transferred to the Department of State from the Department of Treasury at the time the PFMO program responsibility was transferred. We do not have other means of covering the shortfall.

The Bureau of Diplomatic Security conducted a series of seminars to better educate local law enforcement officers concerning the rights and privileges of diplomats assigned to this country.

QUESTION: With respect to the $2,078,000 that is requested for the Protection of Foreign Missions and Officials throughout the U.S., how much did you allocate for this purpose in FY 1989, and what was the total number of requests? How do these figures compare with your experience thus far in FY 1990?

a. How much of this amount in FY 1989 was used to reimburse state and local authorities for the cost of providing extraordinary protection, and how much of it was used to employ the services of private security firms?

b. Who determined which source was utilized?

ANSWER: In FY 1989, $2,022,000 was allocated for the Protection of Foreign Missions and Officials throughout the U.S. The approximate number of requests submitted was 480, of which 467 were approved. Thus far in FY 1990, we are experiencing fewer requests than in the same period of FY 1989.

In FY 1989 $2,084,000 was expended for the Protection of Foreign Missions and Officials throughout the United States. Of this figure $1,207,000 was expended to private security providers while $877,000 went to state and local law enforcement authorities. (The $62,000 over the allocated amount was taken from no-year funds.)

The determination as to which resource is utilized is made by the Assistant Secretary of State for Diplomatic Security through the Protective Liaison Division of the Diplomatic Security Service.

QUESTION: With respect to the $7,022,000 requested for reimbursement to New York City area police departments for protection of foreign missions and officials accredited to the United Nations and other international organizations, were there claims by these police departments for reimbursement which you were not able to pay during FY 1989 or in FY 1990 because of lack of funds?

a. How many of the claims submitted under this program during FY 1989 were disallowed, and what were the reasons for such disallowance?

ANSWER: During FY 1989 there were no claims unpaid as a result of a lack of or a shortage of funds. At this time there have been no rejections of FY 1990 claims due to exhaustion of existing funds.

Under this program, there have been no claims disallowed in total. However, portions of claims have been disallowed as not meeting the guidelines established for reimbursement.

TUESDAY, MARCH 20, 1990.

INTERNATIONAL BOUNDARY AND WATER COMMISSION, U.S. AND MEXICO

WITNESSES

NARENDRA N. GUNAJI, U.S. COMMISSIONER

REINALDO MARTINEZ, DIRECTOR OF ADMINISTRATIVE SERVICES

ALFREDO VALDEZ, BUDGET OFFICER

Mr. MOLLOHAN [presiding.] The Subcommittee will come to order.

The first item that we shall consider today is the fiscal year 1991 budget request for the International Boundary and Water Commission, United States and Mexico. The request for the Commission is comprised of two appropriations; salaries and expenses and construction.

The total request for fiscal year 1991 is $20,500,000. This amount represents a reduction of $1,414,000 below the amounts appropriated for the Commission for fiscal year 1990.

We shall insert into the record at this point the justification materials submitted in support of this request.

[The justifications follow:]

INTERNATIONAL BOUNDARY AND WATER COMMISSION

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, to meet obligations of the United States arising under treaties, conventions or specific Acts of Congress, as follows:

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES AND MEXICO

For necessary expenses for the United States Section of the International Boundary and Water Commission, United States and Mexico, and to comply with laws applicable to the United States Section including not to exceed $6,000 for representation; as follows:

SALARIES AND EXPENSES

For salaries and expenses, not otherwise provided for, including preliminary surveys, operations and maintenance of the interceptor system to be constructed to intercept sewage flows from Tijuana and from selected canyon areas as currently planned, and the operation and maintenance upon completion of the proposed Environmental Protection Agency and Corps of Engineers pipeline and plant project to capture Tijuana sewage flows in the event of a major breakdown in Mexico's conveyance system, [$10,460,000] *$10,500,000*: *Provided*, That expenditures for the Rio Grande bank protection project shall be subject to the provisions and conditions contained in the appropriation for said project as provided by the Act approved April 25, 1945 (59 Stat. 89). *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

NOTE.—Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State and the United States Information Agency be obligated and expended at a rate not exceeding the rate available for fiscal year 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The following schedules assume the repeal of this provision.

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO, SALARIES AND EXPENSES

FY 1991

SUMMARY STATEMENT
(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
275	$10,261	275	$10,460	275	$10,500	--	$40

I. Summary

Under a series of treaties between the United States and Mexico, the International Boundary and Water Commission (IBWC) is charged with the solution of water and boundary problems along the common 1,952 mile border.

In accomplishing the IBWC's mission, the U.S. and Mexican Sections jointly exercise the provisions of existing treaties to improve the water quality of the Colorado and Rio Grande rivers and resolve border sanitation problems. The Commission also applies the provisions of these agreements to equitably distribute the boundary rivers' water to both countries, operate the international flood control projects along the boundary rivers, and operate the international reservoirs for conservation of Rio Grande water and for hydroelectric generation. The IBWC also has the responsibility to establish and maintain the boundary in the limitrophe section of the international rivers and demarcate the land boundary.

The Commission is made up of the U.S. Section, headquartered in El Paso, Texas, and the Mexican Section, headquartered in Ciudad Juarez, Chihuahua. Both Sections have field offices along the boundary.

Included in the Department's FY 1990 appropriation bill (Public Law 101-162) for those accounts under the jurisdiction of the House and Senate Commerce, Justice and State Appropriations Subcommittees is a provision (Section 614 of the Commerce-Justice-State Appropriations Bill) that states that funds appropriated to the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The FY 1990 estimates used in this presentation assume the repeal of this provision.

II. Current Programs

In addition to ensuring that the rights and obligations of treaties and agreements between the U.S. and Mexico are met, the following high-priority, long-range projects are being addressed:

II. Current Programs (continued)

- The most feasible measures for solving border sanitation problems at Tijuana and Mexicali, Baja California; Nogales, Sonora; Reynosa, Tamaulipas; and Piedras Negras and Cuidad Acuna, Coahuila are being investigated.
- Studies to define existing and potential problems of groundwater basins contiguous to the U.S.-Mexico border area are continuing.

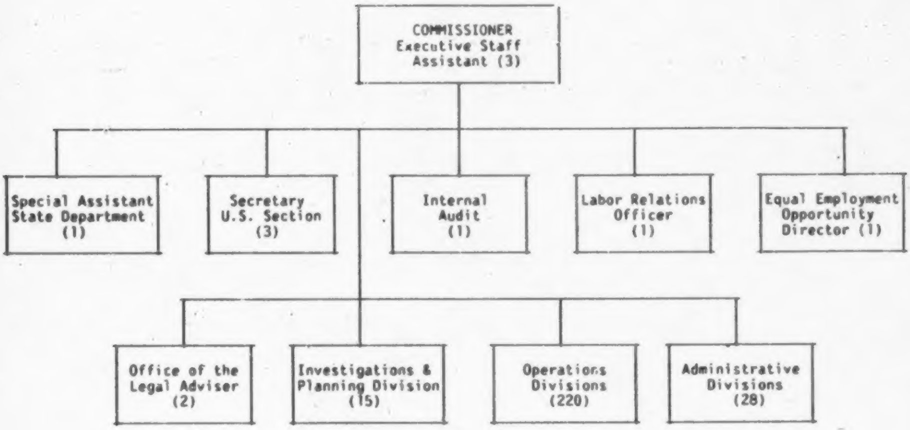
The FY 1991 request maintains operations at a level consistent with current budgetary constraints, while allowing sufficient funding to carry out this appropriation's highest priority program activities. In FY 1991, the International Boundary and Water Commission will continue to execute the provisions of existing boundary and water treaties in a manner which will benefit the people and countries on both sides of the boundary.

The Commission will also implement those projects, identified for action through the priority long-range project studies, for which full or partial solutions have been found. Additionally, the IBWC will continue with investigations and studies of those projects for which complete resolution has not been identified.

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES & MEXICO, SALARIES AND EXPENSES

FY 1991

Organization Chart
Total Domestic Positions: 275


COMMISSIONER
Executive Staff Assistant (3)
Special Assistant State Department (1)
Secretary U.S. Section (3)
Internal Audit (1)
Labor Relations Officer (1)
Equal Employment Opportunity Director (1)
Office of the Legal Adviser (2)
Investigations & Planning Division (15)
Operations Divisions (220)
Administrative Divisions (28)

International Boundary and
Water Commission, U.S. and Mexico, S&E

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
IBWC S&E				
Administration..................	$1,912	$1,897	$42	$1,939
Engineering.....................	1,765	1,855	40	1,895
Operation and Maintenance				
Gaging Stations................	1,001	1,057	-19	1,038
Dams...........................	1,696	1,585	37	1,622
River Channel and Levee Projects.......................	3,391	3,793	-64	3,729
Water Quality Control..........	484	257	3	260
Boundary.......................	8	16	1	17
SUB TOTAL Operation and Maintenance	6,580	6,708	-42	6,666
Unobligated Balance................	4	--	--	--
GRAND TOTAL	10,261	10,460	40	10,500

POSITIONS

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
IBWC S&E				
Administration..................	43	43	--	43
Engineering.....................	42	42	--	42
Operation and Maintenance				
Gaging Stations................	29	29	--	29
Dams...........................	51	51	--	51
River Channel and Levee Projects.....................	110	110	--	110
SUB TOTAL Operation and Maintenance	190	190	--	190
GRAND TOTAL	275	275	--	275

International Boundary and
Water Commission, U.S. and MexSUMMARY OF CHANGE
(DOLLARS IN THOUSANDS)

Program Activities	POSITIONS American Pos.	FSNs	Total	FUNDS Bureau Managed	American Salaries	Total
1989 ENACTED..................	275	--	275	$10,261	--	$10,261
1990 BASE......................	275	--	275	10,460	--	10,460
1990 ADJUSTMENTS...............	--	--	--	--	--	--
1990 ESTIMATE..................	275	--	275	10,460	--	10,460
1991 PROGRAM CHANGES						
IBWC S&E						
Administration.............	--	--	--	42	--	42
Engineering................	--	--	--	40	--	40
Operation and Maintenance..	--	--	--	-42	--	-42
Sub-total IBWC S&E...........	--	--	--	40	--	40
TOTAL PROGRAM CHANGES........	--	--	--	40	--	40
1991 REQUEST...................	275	--	275	10,500	--	10,500

International Boundary and
Water Commission, U.S. and Mexico, S&E

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
1100 PERSONNEL COMPENSATION	$6,331	$6,492	$39	$6,531	$39
1200 PERSONNEL BENEFITS....	1,269	1,308	122	1,430	122
1300 BENEFITS FOR FORMER PERSONNEL...........	11	7	--	7	--
2100 TRAVEL AND TRANSPORTATION OF PERSONS.............	140	139	5	144	5
2200 TRANSPORTATION OF THINGS..............	396	411	14	425	14
2300 RENTS, COMMUNICATIONS AND UTILITIES.......	179	190	6	196	6
2400 PRINTING AND REPRODUCTION........	22	20	--	20	--
2500 OTHER SERVICES........	338	317	-15	302	-15
2600 SUPPLIES AND MATERIALS	645	659	-3	656	-3
3100 PERSONAL PROPERTY.....	569	654	-131	523	-131
3200 REAL PROPERTY.........	90	6	--	6	--
4100 GRANTS, SUBSIDIES AND CONTRIBUTIONS.......	248	257	3	260	3
4200 INSURANCE.............	19	--	--	--	--
9900 Unobligated Balance Lapsing............	4	--	--	--	--
Total, Budget Unit	10,261	10,460	40	10,500	40

INTERNATIONAL BOUNDARY AND WATER COMMISSION

UNITED STATES AND MEXICO, SALARIES AND EXPENSES

FY 1991

Justification of Program Activities

(dollars in thousands)

ADMINISTRATION

	Positions		Funds
	American	FSN	
1991 Request......................	43	--	$1,939

This activity entails joint administration of the provisions of existing treaties and agreements for the solution of international boundary and water problems. It also involves reaching new agreements, subject to approval by both governments, on problems arising along the boundary before they become serious international issues.

The basic function of this activity is to:

- manage the operation and maintenance of twelve international boundary and water projects;
- negotiate agreements for and provide recommendations to both governments in solution of boundary and water problems;
- manage and control the construction of such new projects as may be approved by the two governments; and
- manage the resources and personnel of the organization, including special administrative programs and financial responsibilities of the United States Section.

For FY 1991, the objectives include:

- the implementation of existing treaties and agreements;
- jointly determining and reporting to the Department of State the most feasible measures for solving the border sanitation problems from the cities of Tijuana, Baja California Norte; Mexicali, Baja California Norte; Nogales, Sonora; Reynosa, Tamaulipas; and Piedras Negras and Ciudad Acuna, Coahuila, and to cooperate with the Environmental Protection Agency in reaching a solution to these problems; and
- ongoing investigations to define existing and potential problems with the use of unapportioned groundwaters contiguous with the international boundary, the objective being determination of the need for and desirability of agreements with Mexico to avoid potentially serious international problems.

The requested increase of $42,000 for FY 1991 is to partially fund wage and price increases.

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO, SALARIES AND EXPENSES

ENGINEERING

	Positions		Funds
	American	FSN	
1991 Request........................	42	--	$1,895

The Engineering activity is responsible for the supervisory management of projects and for conducting the surveys, studies, and investigations needed for the analysis of existing and potential boundary water problems.

The major engineering activities for FY 1991 are:

- continuation of the joint planning, management, and supervision of operations for the distribution of boundary rivers' water in accordance with existing treaties;
- operation of twelve joint projects to control and facilitate use of boundary rivers' water;
- construction of a joint project for preserving the Rio Grande River as the boundary in a 200 mile reach upstream from Presidio, Texas; and
- construction improvements to the existing Rio Grande Rectification Flood Control Project and the Nogales International Wastewater Treatment Plant, initiation of projects to rehabilitate the Chamizal-Cordova Bridge, replacement of the gates of the Retamal Diversion Dam, replacement and repair of the Falcon Dam gates, and resolution of the sanitation problem at Nuevo Laredo.

Included in the FY 1991 plans are surveys, studies and investigations for the analysis and solution of current and potential boundary water problems, with the objective of making substantial progress with Mexico in the solution of border sanitation problems at Tijuana, Mexicali, Nogales, Ciudad Acuna and Reynosa.

The FY 1991 plans include studies and reports for the Department of State which provide recommendations on the common groundwater basins situated along the boundary.

The requested increase of $40,000 for FY 1991 is to partially fund wage and price increases.

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO, SALARIES AND EXPENSES

OPERATIONS AND MAINTENANCE

	Positions		Funds
	American	FSN	
1991 Request........................	190	--	$6,666

The Operations and Maintenance activity consists of the following elements.

Gaging Stations (29 positions and $1,038,000). This activity consists of gaging the flow of the 1,254 mile international section of the Rio Grande and a similar 24 mile section of the Colorado River. This information provides basic data essential to accounting for national ownership of the waters and for forecasting floods and performing flood control operations. There are 130 gaging stations and related sites operated and maintained by the U.S. Section on the boundary rivers and tributaries. In FY 1991, these operations, together with similar operations by Mexico, will fulfill an agreement with Mexico on the international ownership of waters serving urban and agricultural areas in each country.

A total decrease of $19,000 in this activity for FY 1991 is the result of the non-recurral of $15,000 for one-time service contracts and $4,000 for one time equipment purchases.

Dams (51 positions and $1,622,000). Pursuant to the 1944 Water Treaty, the governments of the United States and Mexico jointly constructed and currently operate two major international storage dams and reservoirs on the Rio Grande River; the Falcon Dam and Reservoir downstream from Laredo, Texas and the Amistad Dam and Reservoir upstream from Del Rio, Texas. The dams are used to regulate the river's flow for use by each country within its treaty allotment of waters. The U.S. commitment consists of operating the dam gates to provide for water releases requested by the Texas Watermaster, hydroelectric generation and flood control, maintenance of the dams and spillway structures, and housing and utilities expenses at the dams for full-time operating personnel.

The requested $37,000 increase in this activity is to partially fund wage and price increases in FY 1991.

INTERNATIONAL BOUNDARY AND WATER COMMISSION

UNITED STATES AND MEXICO, SALARIES AND EXPENSES

River Channel and Levee Projects (110 positions and $3,729,000). This activity consists of the operation and maintenance of five joint river channel and levee projects which provide flood protection to adjoining urban and irrigated agricultural areas located along the boundary rivers. These projects include:

- a flood protection project for the cities of El Paso, Texas and Juarez, Chihuahua, the developed lands downstream through the El Paso-Juarez Valley, and the project upstream from El Paso through the Mesilla and Rincon Valleys, with the combined works totalling 190 miles of channel and levee floodways on the United States side and two diversion dams

- a Presidio-Ojinaga Flood Control Project to protect Presidio, Texas and adjacent agricultural lands in the Presidio Valley against Rio Grande floods;

- a Lower Rio Grande Flood Control Project to protect the cities of Brownsville, Harlingen, McAllen and others, as well as the irrigated lands of the Lower Rio Grande Valley of Texas. The U.S. portion consists of 180 miles of levee river floodways and 132 miles of levee interior floodways all located on the U.S. side of the Rio Grande. The project includes two international diversion dams;

- maintenance of the natural channel and floodway of the Lower Colorado River to preserve its capacity to carry floodwaters without overtopping the levees. The U.S. portion consists of 24 miles of the channel and floodway in the boundary section of the river; and

- a Tijuana Flood Control Project to provide flood protection for the city of San Ysidro, California and the section of Tijuana, Baja California Norte near the boundary. The U.S. portion consists of a concrete and rock lined channel and levee extending from the international boundary about one mile into the United States.

In FY 1991, the operations and maintenance effort for these Projects will require recurring maintenance to diversion structures, clearing of levees and floodways, maintenance of levee roads and maintenance of the river channel.

A total net decrease of $64,000 in this activity for FY 1991 is the result of a $71,000 wage and price increase offset by the non-recurral of $135,000 for one-time equipment purchases.

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO, SALARIES AND EXPENSES

Water Quality Control ($260,000). The two governments currently operate and maintain two joint water quality projects.

One of the projects is the Nogales International Wastewater Treatment Plant for treating wastewater from the adjoining border cities of Nogales, Sonora, and Nogales, Arizona. The operation and maintenance costs are shared by Mexico and the City of Nogales, Arizona in proportion to the quantities of sewage from each side. A portion of the sewage treatment costs for Nogales, Sonora is funded by the United States to comply with stricter U.S. treatment requirements and the higher costs of sewage treatment in the United States. The funds are paid to the city of Nogales, Arizona which operates and maintains the project. The plant is at capacity and is in the process of expansion.

The second project is to improve the salinity of the water of the Lower Rio Grande. This project (Morillo Drain) was constructed on the Mexican side of the river and serves to prevent high salinity water from entering the Rio Grande, thereby improving the quality of its water. Construction, operation, and maintenance costs are equally shared between the two countries.

The U.S. Section operates and maintains defensive works to capture and pump sewage from canyon areas west of Tijuana back into Mexico's sewage conveyance system, thereby alleviating a pollution problem and health hazard in the United States.

The U.S. Section also reimburses the City of San Diego for treating sewage from Tijuana in their municipal system to prevent raw sewage from polluting U.S. beaches.

The FY 1991 objectives are:

- to operate and maintain the Nogales International Wastewater Treatment Plant to assure that wastewater does not create a health hazard;
- to improve the quality of Rio Grande water in the two countries through operation and maintenance of the Morillo Drain Project;
- to alleviate a health hazard in the San Diego area through the continued operation of the Tijuana Interceptor Project; and
- to reimburse the City of San Diego for treatment of Tijuana sewage.

The requested $3,000 increase in this activity for FY 1991 is to partially fund wage and price increases.

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO, SALARIES AND EXPENSES

Boundary ($17,000). The Commission is charged by treaty to establish and preserve the 1,254 mile boundary of the Rio Grande and the 24 mile boundary of the Colorado River. It is also charged with maintaining the monuments which mark the location of the approximately 674 miles of land boundary between the two countries.

The work consists of field checks to guard against man-made obstructions that could possibly cause a change in the location of the boundary, periodic aerial photographic mapping to record natural changes in the course of the rivers, and maintenance of the land boundary monuments including installation of intermediate markers where needed to clearly delineate the location of the boundary. The costs of such operations and maintenance are divided equally with Mexico. The objective in FY 1991 is preservation and demarcation of the boundary in a cost effective way.

The requested $1,000 increase in this activity for FY 1991 is to provide for wage and price increases.

INTERNATIONAL BOUNDARY AND WATER COMMISSION

CONSTRUCTION

For detailed plan preparation and construction of authorized projects, [$11,500,000] *$10,000,000*, to remain available until expended as authorized by 22 U.S.C. 2696(c). *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Note.—Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State and the United States Information Agency may be obligated and expended at a rate not exceeding the rate available for fiscal year 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The following schedules assume the repeal of this provision.

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO, CONSTRUCTION

FY 1991

SUMMARY STATEMENT
(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
14	$3,166	17	$11,454	17	$10,000	--	-$1,454

I. Summary

Pursuant to treaties between the United States and Mexico and to Acts of the Congress, the International Boundary and Water Commission (IBWC) has developed and implemented a construction program. Under a separate appropriation, the program provides for the U.S. portion of joint construction projects in the areas of boundary preservation, flood control, and sanitation as agreed to by both countries.

The Convention of February 1, 1933 provided for rectification of the Rio Grande River through the El Paso - Juarez Valley, the first major joint construction project of the two governments.

In the Water Treaty of 1944, the two governments agreed to jointly construct the dams required for conservation, storage, and regulation of the waters of the Colorado, Tijuana, and Rio Grande Rivers. This treaty also provides for flood control projects and preferential attention by both governments to border sanitation problems.

The Boundary Treaty of 1970 provides for construction of works to avoid future boundary location disputes.

The benefits of this appropriation include maintenance of the natural boundary between the U.S. and Mexico, prevention of flooding in communities along the boundary, and preservation of the water quality on both sides of the boundary.

Included in the Department's FY 1990 appropriation bill (Public Law 101-162) for those accounts under the jurisdiction of the House and Senate Commerce, Justice and State Appropriations Subcommittees is a provision (Section 614 of the Commerce-Justice-State Appropriations Bill) that states that funds appropriated to the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The FY 1990 estimates used in this presentation assume the repeal of this provision.

The FY 1990 estimates also reflect the impact of FY 1990 sequestration pursuant to Public Law 99-177, The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Reaffirmation Act of 1987 (Public Law 100-119).

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO, CONSTRUCTION

II. Current Programs

The following are some of the important projects that the IBWC will be working on during FY 1990:

The Boundary Preservation Project to restore and preserve the character of the Rio Grande as an international boundary in the downstream area of Fort Quitman to Presidio, Texas, should be approximately 75% complete by the end of FY 1990.

Also during FY 1990, the Commission will continue the expansion of the Nogales International Wastewater Treatment Plant in Nogales, Arizona.

Urgently needed repairs for Falcon Dam were started in FY 1989. Presently, the repair work on Falcon Dam is scheduled to continue in FY 1990 through FY 1992.

The Commission will continue the construction of improvements to the Rio Grande Rectification Project in FY 1990. The goal of this project is to provide a greater degree of flood protection in the El Paso - Juarez Valley.

Work will start in FY 1990 on a project to construct a sewage treatment plant and collection works in Nuevo Laredo, Tamaulipas. This project is intended to resolve a sanitation problem of raw sewage being discharged into the Rio Grande that poses a health threat from Laredo as far as 40 miles downstream.

The Commission will initiate the construction of the improvements to the International Cordova Bridge at the Chamizal Project.

The Commission will start planning and design work for a project to replace or modify the central gate of the Retamal Diversion Dam. The dam is part of the Lower Rio Grande Flood Control project.

III. 1991 Plans

The FY 1991 request of $10,000,000 in new budget authority along with $3,232,000 in unobligated balances, will provide for the following:

In FY 1991, construction of the Boundary Preservation Project will continue with available funds. The purpose of this project is to restore and preserve the Rio Grande as the international boundary between Cajoncitos and Presidio, Texas. It was hoped that the project would have been finished by this time, but due to unprecedented adverse weather conditions and the resulting upstream reservoir releases of excess waters, the completion has been delayed and is now scheduled for FY 1995.

Also in FY 1991, work will continue with available funding on the improvements to the Rio Grande Rectification Project. The project will involve raising the levees, moving or rehabilitating the projects field office, supply and repair facilities and replacing or rehabilitating two bridges.

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO, CONSTRUCTION

III. 1991 Plans (continued)

The FY 1991 request includes $3,000,000 to complete funding for construction of the expansion of the Nogales International Wastewater Treatment Plant. Plant expansion will provide additional capacity for handling 13.2 million gallons per day and secondary treatment without nutrient removal capabilities. Rapid population growth in the sister cities of Nogales, Sonora and Nogales, Arizona during recent years requires increased plant capacity to meet current Environmental Protection Agency effluent standards.

The FY 1991 request also includes $5,900,000 to continue the funding for the construction of a sewage treatment plant and collection works in Nuevo Laredo, Tamaulipas. Presently, the city of Nuevo Laredo discharges 20 million gallons per day of raw sewage into the Rio Grande, posing health threats as far as 40 miles downstream. The total cost of the project is estimated at $44,000,000. The U.S. Government will contribute $20,000,000 to the project. The remaining $24,000,000 will be provided by Mexico and other sources such as the state of Texas. Initial planning was started in FY 1989. The estimated completion date is FY 1992.

A request of $500,000 is included to continue funding of a project to restore the concrete roadway surface of the Chamizal Cordova Bridge. This safety improvement is necessary because of the greatly increased traffic load. This project should be completed in FY 1992.

Funding in the amount of $250,000 is requested for the project for the modification or replacement of the central gate of the Retamal Diversion Dam, which is part of the Lower Rio Grande Flood Control Project. The total estimated cost of the repairs is $2,000,000. In FY 1990, $250,000 was received for the initial planning of the project.

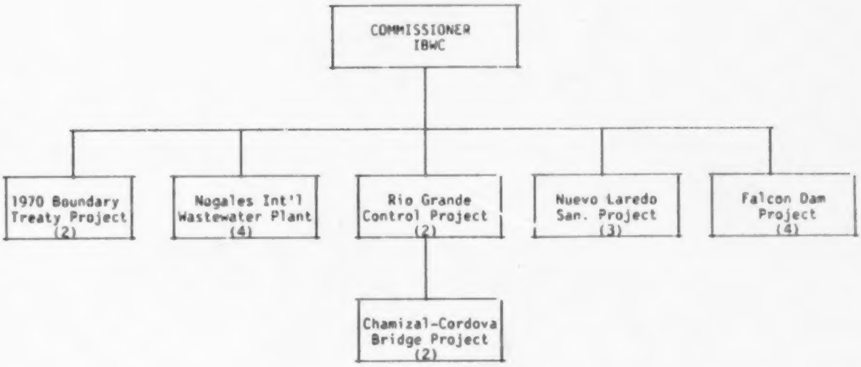
The replacement or repair of the gates of the Falcon Dam at a rate of two gates per year will require funding of $350,000 in FY 1991. Work on the gates is necessary as a result of deterioration during the last 35 years. Funds totalling $2,000,000 have been approved for FY 1989 and FY 1990. This project is scheduled to be completed in FY 1992.

International Boundary and Water Commission
United States and Mexico, Construction

FY 1991

Organization Chart

Total Domestic Positions: 17


COMMISSIONER IBWC
1970 Boundary Treaty Project (2)
Nogales Int'l Wastewater Plant (4)
Rio Grande Control Project (2)
Nuevo Laredo San. Project (3)
Falcon Dam Project (4)
Chamizal-Cordova Bridge Project (2)

International Boundary and Water Commission
United States and Mexico, Construction

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
IBWC Construction				
U.S. and Mexico				
1970 Boundary Treaty Projects	$239	$556	-$56	$500
Nogales Intl Wastewater Treatment Plant	4,434	643	2,357	3,000
Rio Grande Rectification Flood Control Project	185	1,966	766	2,732
Chamizal Cordova Bridge Project	63	937	-437	500
Retamal Dam Project	—	250	—	250
Nuevo Laredo Sanitation Project	3	7,497	-1,597	5,900
Falcon Dam Project	201	1,799	-1,449	350
Unobligated Balances	-1,959	-2,194	-1,038	-3,232
GRAND TOTAL	3,166	11,454	-1,454	10,000

POSITIONS

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
IBWC Construction				
U.S. and Mexico				
1970 Boundary Treaty Projects	2	2	—	2
Nogales Intl Wastewater Treatment Plant	4	4	—	4
Rio Grande Rectification Flood Control Project	2	2	—	2
Chamizal Cordova Bridge Project	2	2	—	2
Nuevo Laredo Sanitation Project	—	3	—	3
Falcon Dam Project	4	4	—	4
GRAND TOTAL	14	17	—	17

International Boundary and
Water Commission, U.S. and MexSUMMARY OF CHANGE
(DOLLARS IN THOUSANDS)

	POSITIONS			FUNDS		
Program Activities	American Pos.	FSNs	Total	Bureau Managed	American Salaries	Total
1989 ENACTED..................	14	—	14	$3,166	—	$3,166
1990 BASE......................	17	—	17	11,454	—	11,454
1990 ADJUSTMENTS...............	—	—	—	—	—	—
1990 ESTIMATE..................	17	—	17	11,454	—	11,454
1991 PROGRAM CHANGES						
IBWC Construction U S and Mexico						
1970 Boundary Treaty Projects..................	—	—	—	-56	—	-56
Nogales Intl Wastewater Treatment Plant...........	—	—	—	2,357	—	2,357
Rio Grande Rectification Flood Control Project.....	—	—	—	766	—	766
Chamizal Cordova Bridge Project...................	—	—	—	-437	—	-437
Nuevo Laredo Sanitation Project........	—	—	—	-1,597	—	-1,597
Falcon Dam Project.........	—	—	—	-1,449	—	-1,449
Unobligated Balances.......	—	—	—	-1,038	—	-1,038
Sub-total IBWC Construction U.S. and Mexico...	—	—	—	-1,454	—	-1,454
TOTAL PROGRAM CHANGES........	—	—	—	-1,454	—	-1,454
1991 REQUEST..................	17	—	17	10,000	—	10,000

International Boundary and Water Commission
United States and Mexico, Construction

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
1100 PERSONNEL COMPENSATION	$415	$1,068	-$98	$970	-$98
1200 PERSONNEL BENEFITS....	64	168	-30	138	-30
2100 TRAVEL AND TRANSPORTATION OF PERSONS.............	6	113	31	144	31
2200 TRANSPORTATION OF THINGS..............	5	69	16	85	16
2300 RENTS, COMMUNICATIONS AND UTILITIES.......	14	79	34	113	34
2400 PRINTING AND REPRODUCTION.........	---	52	20	72	20
2500 OTHER SERVICES.........	-100	1,027	-252	775	-252
2600 SUPPLIES AND MATERIALS	161	757	-162	595	-162
3100 PERSONAL PROPERTY.....	26	230	-85	145	-85
3200 REAL PROPERTY.........	4,537	10,085	110	10,195	110
9900 UNOBLIGATED BALANCE...	-1,962	-2,194	-1,038	-3,232	-1,038
Total, Budget Unit	3,166	11,454	-1,454	10,000	-1,454

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO, CONSTRUCTION

FY 1991

Justification of Program Activities
(dollars in thousands)

	Positions		Funds
	American	FSN	
1991 Request........................	2	--	$500

1970 Boundary Treaty Projects

The 1970 Boundary Treaty provided for the resolution of all pending international boundary disputes due to changes in the course of the Rio Grande. The treaty further charges the IBWC with preserving the international boundary character of the Rio Grande and Colorado Rivers and provides for construction of works to avoid future disputes.

Public Law 92-549 authorizes:

(1) the work necessary to implement the 1970 treaty entitled, "Treaty to Resolve Pending Boundary Differences and Maintain the Rio Grande and Colorado Rivers as the International Boundary between the United States of America and the United Mexican States;"

(2) an international flood control project in the Presidio-Ojinaga area; and

(3) appropriations necessary to carry out the provisions of the Act.

The work proposed for FY 1991 includes restoration and preservation of the Rio Grande as the international boundary between Fort Quitman and Presidio, Texas. The flows of the Rio Grande at the head of this 200 mile reach had so diminished in past years that there was little or no flow in the reach except at the infrequent times of flash floods. As a result, the channel has been nearly obliterated by the accumulation of silt and growth of vegetation. Because of this condition, flash floods tend to cause major changes in the channel and, consequently, problems in determining the location of the boundary in this section.

To guard against such problems, a joint project to restore and preserve the river channel in the reach has been undertaken to minimize the shifting and thereby preserve the river as the boundary. The total costs are shared equally with Mexico. Engineering and environmental studies were completed and construction began in FY 1980. This project had been scheduled for completion in FY 1987, but due to weather conditions, construction has been delayed and completion is now scheduled for FY 1995. A substantial part of the completed portion of the project was damaged by high flows in FY 1987 and will require re-working.

The FY 1991 request is for retention of two positions required to complete the construction work. The funding is provided from prior year unobligated balances.

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO, CONSTRUCTION

	Positions		Funds
	American	FSN	
1991 Request........................	4	--	$3,000

Nogales International Wastewater Treatment Plant

Under authority of 22 U.S.C. 277b, the Nogales International Wastewater Treatment Plant was originally built in 1951 to serve the sister cities of Nogales, Arizona and Nogales, Sonora, Mexico.

To meet EPA standards and the needs of the increasing population of the two cities, the plant was enlarged in December 1971 at a cost of $3,100,000. The United States, Mexico, and the city of Nogales, Arizona shared the total cost.

Over the past 13 years, the population of the two cities has increased so rapidly that the existing plant capacity again requires expansion. In FY 1985, $200,000 was requested to cover the cost of preparing preliminary plans for expansion. Additional funds totaling $4,457,000 were received in FY 1986, FY 1987, and FY 1988. In FY 1989, $1,200,000 was reprogrammed from the Rio Grande Rectification Project to fund the U.S. section's portion of the upgrades ($200,000) and Mexico's participation in the plant expansion ($1,000,000), which will be repaid in 10 years. Plant expansion was scheduled for completion in FY 1990. However, the EPA effluent treatment standards were raised in 1987, resulting in project delays and additional funding requirements for FY 1991.

The FY 1991 request is for retention of four positions and $3,000,000 in new budget authority required to complete the construction work.

	Positions		Funds
	American	FSN	
1991 Request........................	2	--	$2,732

Rio Grande Rectification Project

The International Convention of 1933 provided for the Rio Grande Rectification Project to stabilize the boundary and provide flood protection in the El Paso - Juarez Valley. The project, which was constructed between 1934 and 1938, consists of 85.4 miles of levee on the U.S. side and 83.7 miles of levee on the Mexican side with the Rio Grande channel located generally midway between the levees. Three bridges were constructed as part of the project at Ysleta - Zaragoza, Fabens - Guadalupe and Fort Hancock - El Porvenir. The project channel, levees, and bridges are jointly maintained by the U.S. and Mexican Sections of the IBWC.

Rio Grande Rectification Project (continued)

The Rectification Project has successfully fulfilled its purpose for nearly 50 years. However, with the increased urbanization and industrialization that has taken place since its construction, improvements are needed to provide much needed additional flood protection in both countries.

Specifically, the flood carrying capacity must be increased. The project was originally designed to protect an agricultural environment against a design flood of 11,000 cubic feet per second (cfs). High flows in 1987 demonstrated that the safe carrying capacity of the project is significantly less than the designed capacity. Current hydrologic evaluations show that peak flood flows up to 18,000 cfs could reach the project. The upstream Canalization Project now provides the Mesilla Valley and the urban areas upstream of El Paso protection for a design flood of 17,000 cfs. The Chamizal Project, immediately upstream of the Rectification Project, gives the cities of El Paso and Juarez flood protection up to a maximum of 24,000 cfs.

The urban and industrial areas of the Lower El Paso - Juarez Valley are exposed to a greater flood risk. Accordingly, the levees need to be raised and bridges need to be replaced. The Fabens - Guadalupe and the Fort Hancock - El Porvenir bridges will be replaced. The Ysleta - Zaragoza Bridge will be replaced and funded separately by other entities. Also, project office, warehouse, and repair facilities that were constructed in the mid 1930's need to be rehabilitated or preferably relocated due to environmental concerns.

The preliminary estimated total cost for the U.S. portion of the Rectification Flood Control Project improvements is $10 million. It is estimated that the project improvements can be completed in FY 1993. The FY 1991 request is for the retention of two positions to continue the construction work. Funds required in FY 1991 will be derived from prior year unobligated balances.

	Positions		Funds
	American	FSN	
1991 Request........................	2	--	$500

Chamizal-Cordova Bridge Project

The Chamizal Convention Project resulted from settlement of a long-term boundary dispute between the United States and Mexico. The settlement provided for relocating the Rio Grande channel, as part of the international boundary, between El Paso and Juarez to stabilize the boundary and provide flood protection to urban areas in both countries. The cost of relocating and constructing the new river channel and bridges was divided equally between the two countries.

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO, CONSTRUCTION

Chamizal-Cordova Bridge Project (continued)

The International Cordova Bridge, constructed as part of the Chamizal Convention Project, was officially opened to traffic in October 1967. Due to heavy usage the bridge is now in need of repair work to restore it to a sound condition.

An inspection by technical advisors found extensive cracks in the upper and lower slab surfaces of the bridge, vertical cracks in the bridge columns, and horizontal and vertical cracks in several of the bent caps of the bridge. The situation is further exacerbated by the significant number of vehicles crossing the bridge in excess of the maximum load capacity of 80,000 pounds.

The preliminary estimate for the U.S. portion of this reconstruction project is $4,000,000. The estimated completion date is FY 1993.

The FY 1991 request is for retention of two positions and $500,000 in new budget authority to continue the construction funding.

	Positions		Funds
	American	FSN	
1991 Request.......................	--	--	$250

Retamal Diversion Dam Project

Retamal Diversion Dam was built by the United States and Mexico during 1972 and 1973 pursuant to Minute No. 238 under the supervision of the Commission through its respective sections.

Since the dam was put into operation, problems were experienced with the automatic central gate during the floods of 1976 and 1978. The severity of the problem with the central gate has caused the two Sections of the Commission to seek solutions to the problem. Working with independent consultants and engineers of the two Sections, the decision has been made that a modification will be required to the central gate. This will entail replacement of the gate. This work must be done to insure the safety of the dam. The estimated cost for the replacement of the central gate is $2,000,000. In FY 1990, $250,000 will be spent for planning and engineering for this project.

The FY 1991 request is for $250,000 in new budget authority to continue construction on the project.

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO, CONSTRUCTION

	Positions		Funds
	American	FSN	
1991 Request	3	--	$5,900

Nuevo Laredo Sanitation Project

The city of Nuevo Laredo, Tamaulipas discharges over 20 million gallons a day of raw sewage into the Rio Grande. The Nuevo Laredo Sanitation Project will involve a joint effort on the part of the U.S. and Mexico to address this problem. To accomplish this goal, the Commission plans to:

1) improve and expand the Nuevo Laredo sewage collection system;

2) construct a large interceptor along the Mexican bank of the Rio Grande to capture sewage flows from existing drains; and

3) construct a 31 million gallon per day (mgd) sewage treatment plant in Nuevo Laredo.

Public Law 100-465, Rio Grande Pollution Correction Act of October 3, 1988, authorizes the Secretary of State, acting through the U.S. Commissioner, IBWC, to conclude agreements with Mexico to correct pollution of the Rio Grande. The U.S. Commissioner and Mexican Commissioner have completed negotiations for the Nuevo Laredo Sanitation Project. Minute number 279 was signed and approved by the two governments on August 28, 1989.

The total cost of this project is $44,000,000. The U.S. Government is contributing a total of $20,000,000. The remaining $24,000,000 will come from Mexico and other sources such as the State of Texas. In FY 1989, preliminary studies were begun with reprogrammed funds of $3,000. In FY 1990, funds in the net amount of $7,497,000 will be used to start the construction.

The FY 1991 request is for retention of three positions and $5,900,000 in new budget authority to continue the construction funding.

INTERNATIONAL BOUNDARY AND WATER COMMISSION

UNITED STATES AND MEXICO, CONSTRUCTION

	Positions		Funds
	American	FSN	
1991 Request......................	4	--	$350

Falcon Dam Repair Project

The Falcon Dam was built by the United States and Mexico during 1952 to 1954 under the supervision of the Commission through its respective sections.

Since the Dam was put into operation in 1954, no major maintenance work or replacement of major components on the six spillway gates has been accomplished. Routine maintenance work is done yearly. This maintenance consists of exercising and lubricating the hoist mechanism, and cleaning and spot painting the metal on the gates. The dam gates were assembled in place in the field and parts of the gates and the fixed wheel assemblies are inaccessible for maintenance.

An inspection of the dam on April 6, 1988 revealed that the structure does not meet safety conditions for a dam of this type. The spillway gate wheel assemblies must be disassembled to allow sandblasting of rusted web plates and measurement of web plate deterioration to determine the structural capacity of the plate bearings and compare it with the design load requirements. Deficiencies in load bearing capacity will be corrected. The installation of the fuel supply line for the emergency generator is deficient. A new line which has adequate support and flexibility will be installed. Replacement or repair of the dam gates is necessary as a result of deterioration during the last 35 years. The funds requested are to provide the maintenance described above and new or repaired gates at the rate of two gates per year starting in FY 1990 and completing in FY 1992 or FY 1993. This work must be done to insure the safety of the Dam. Repair work began in FY 1989, and the rehabilitation of this project continues to be of the highest priority in IBWC's construction program.

The FY 1991 request is for the retention of four positions and $350,000 in new budget authority to continue construction work. The total estimated cost of the project is $4,800,000.

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General Statement

Mr. **Mollohan.** Here to testify in support of the request is Narendra N. Gunaji, United States Commissioner. Commissioner Gunaji, you may proceed with your statement.

Mr. **Gunaji.** Thank you, Mr. Chairman. I appreciate this opportunity to appear before you to present the request for appropriations for the U.S. Section of the International Boundary and Water Commission—U.S./Mexico—for fiscal year 1991. Mr. Chairman, I have submitted a written statement, and I would just like to add a few comments.

Mr. **Mollohan.** Your written statement will be made a part of the record. If you will proceed with your oral statement——

SALARIES AND EXPENSES

Mr. **Gunaji.** Mr. Chairman, salaries and expenses, a request is made for a net increase of $40,000. This amount covers employee pay and benefit increases and other price level differentials from previous years.

This increase is very small for this appropriation, which has been maintained at the same level of funding over the last several years. However, more expenses are occurring, primarily due to environmental and sanitation problems, in addition to the aging of our facilities.

SECTION 614

With respect to the joint project at Nuevo-Laredo, Laredo, Texas, I want to emphasize that this project is of the highest priority between Mexico and the United States. Appropriations for this project have been affected by Section 614 restrictions of Public Law 101-162. This project is to eliminate health hazards arising from the discharge of over 20 million gallons of raw sewage flowing into the international waters of the Rio Grande from the city of Nuevo-Laredo, Tamaulipas, Mexico. Because of Section 614 restrictions, we have not received authority to expend funds, and Mexico is impatiently waiting to start construction of this joint project. If Section 614 is not repealed by Congress, we will have to request reprogramming authority from other projects at lower levels of funding that will delay this project.

TIJUANA/SAN DIEGO SANITATION PROJECT

Lastly, I want to submit to you information on one other project that we are just starting to work on, the Tijuana/San Diego sanitation project. We are working with Mexico, the U.S. Environmental Protection Agency, the State of California and city of San Diego to construct a South Bay land outfall as one of the necessary elements to eliminate transboundary renegade raw sewage flows entering into the United States on the California border in the San Diego area. We are not requesting funds for this project. Funds for this project are appropriated to EPA. We are serving as a project construction manager for participating parties, consisting of EPA, the State of California and city of San Diego. After 60 years of frustration trying to find a permanent solution to this environmental pollution problem, our efforts are nearing fruition. Appropriate joint measures to solve this problem between Mexico and the United States are being instituted.

Mr. Chairman, this concludes my statement, and I will be willing to answer any questions you may have.

[The prepared statement of Mr. Gunaji follows:]

Department of State

FY 1991 Budget Estimates

Statement of

Narendra N. Gunaji, United States Commissioner

before

The House Subcommittee on Appropriations

for

Commerce, Justice, State, The Judiciary
and Related Agencies

International Boundary and Water Commission
United States and Mexico

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to appear before you to present the request for appropriations for the United States Section of the International Boundary and Water Commission, United States and Mexico, for FY 1991.

This Commission, created by the Treaty of 1889 between the United States and Mexico, is charged by a subsequent series of treaties between the two Governments with a specific program for the joint resolution of boundary and water problems arising along the nearly 2,000-mile boundary between the two nations. The Commission seeks to fulfill those responsibilities in cost effective ways which benefit the social and economic welfare of the people on both sides of the boundary and improve relations between the two countries.

The FY 1991 budget request of $20,500,000 represents a net decrease of $1,460,000 over the FY 1990 request of $21,960,000. Two appropriations constitute this request: 1) the Salaries and Expenses appropriation amount of $10,500,000, a net increase of $40,000 over FY 1990, and 2) the Construction appropriation amount of $10,000,000, a net decrease of $1,500,000 under the FY 1990 request.

The Salaries and Expenses appropriation finances: 1) the administration of treaties and agreements in force, and the negotiation of new agreements as the need arises; 2) technical guidance, supervision, and investigations required in connection with treaty projects; and 3) the United States share of the operations and maintenance of completed joint boundary and water projects with Mexico along the boundary.

The requested net increase of $40,000 in Salaries and Expenses is for increases in employee pay and benefits and other price level increases. This is a small for this appropriation, which has been maintained at substantially the same funding level over the last several years. At the same time more and more items have been coming up that need to be taken care of, primarily due to sanitation concerns, and also due to the aging of our various programs.

The U.S. Section also has an active construction program to carry out its responsibilities in boundary demarcation, flood control, and increasingly in boundary sanitation projects. The FY 1991 Construction appropriation request of $10,000,000 in new budget authority along with $3,232,000 in prior year unobligated balances is to fund the following on-going projects:

Nogales International Wastewater Treatment Plant Improvements Project, $3,000,000: This request completes the funding required for this project. This international plant project is designed to meet current treatment standards and estimated population growth through the year 2000.

Chamizal Cordova Bridge Project, $500,000: Twenty-two years of increasingly heavy use have caused deterioration on this bridge. FY 1991 funds are requested to continue the repairs necessary to return the bridge to a sound condition and ensure it is safe to use.

Falcon Dam Project, $350,000: This continues to be a high priority project. No major repair work had been done on the dam for the thirty five years it had been in operation. Inspections revealed that the safety of the dam was in question due to deterioration of the gates. Work was started in FY 1989 and is continuing very well. The funds requested are required to continue the project so as to ensure the safety of the dam.

Retamal Dam Gates, $250,000: Since its initial operation the dam's central gate has been plagued with problems. To ensure the safety of the dam the central gate has to be modified or replaced. In FY 1990 $250,000 was requested to start the engineering and planning required to determine the best method to repair or replace the gate. Due to the restrictions placed by Section 614 of P.L. 101-162 on our FY 1990 appropriation, work has not started on this project. This assumes those restrictions will be repealed and have requested $250,000 in FY 1991 to continue work on this project.

Nuevo Laredo Sanitation Project, $5,900,000: This is a project of the highest priority which also has been affected by Section 614 restrictions. This project is to eliminate a health hazard arising from the discharge of over 20 million gallons a day of raw sewage by the city of Nuevo Laredo, Tamaulipas, Mexico, into the Rio Grande. This is a joint project with Mexico, with the State of Texas also contributing funds. We started funding this project in FY 1989 by reprogramming $325,000 from another project. In FY 1990 we requested $7,175,000. This request assumes section 614 will be repealed. If the restrictions are not lifted we will probably have to request reprogramming authority from other projects.

I want to address one other project that we are just starting to work on - the Tijuana Sanitation Project. We are working with Mexico, the EPA, the State of California, and the City of San Diego to construct the project necessary to eliminate the problem at San Diego resulting from transboundary flows of raw sewage from Tijuana, Baja California, Mexico. We are not requesting any funds for this project because the funds being used are appropriated to EPA. We are serving as Project Construction Manager. After many years of consideration this project is finally coming to fruition and will resolve a major border sanitation problem.

This concludes my statement. I will be pleased to answer any questions you may have.

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Mr. Mollohan. Thank you, Commissioner.

You are requesting an additional $40,000 for increases in employee pay and benefits and for other price level increases. Does this amount cover all of those increases, and if not, how are you planning to absorb the difference?

Mr. Gunaji. Basically, for the last several years, we have absorbed the differences by not filling all our full-time equivalent positions. People have retired. I have delayed filling those positions. I have combined some positions and I am trying to work my manpower very efficiently, thereby reducing the cost.

Mr. Mollohan. And will that be your plan for this next fiscal year?

Mr. Gunaji. I am going to reach a saturation point one of these years, and that point may be coming very soon. In that case, I may have to ask for some increases to offset the cost in my salaries and expenses budget.

Mr. Mollohan. Do you anticipate that will happen this next fiscal year?

Mr. Gunaji. Probably so, in 1992.

Mr. Mollohan. In the next fiscal year?

Mr. Gunaji. Yes.

Mr. Mollohan. Not this one?

Mr. Gunaji. No. Correct.

TIJUANA SANITATION PROJECT

Mr. Mollohan. In your statement, you indicate that the funds for the Tijuana sanitation project are being appropriated to EPA and that the Commission is serving as the project construction manager. Please give us some more details about this project, including its cost, the expected date of completion, and the reimbursement arrangements with EPA.

Mr. Gunaji. This project is funded by EPA, the State of California and the city of San Diego. This is a joint project to be constructed for carrying and treating sewage. This particular project was appropriated to EPA by Congress to construct under the return to sender concept in 1984. The funding has remained dormant until a solution could be found. Recently, the State of California, the city of San Diego, the EPA and the IBWC have written a memorandum of understanding to complete this part of the project. The project will consist of 2.1 miles of land outfall to be built, that will treat Mexican sewage flows to an ocean outfall. The plans for constructions are being formulated, and will be ready for review by about July. We hope that all regulatory processes of getting permits under State of California and U.S. regulations should be completed by August; and we intend to advertise this project at that time. Hopefully we will begin construction on this project in October of 1990. It is estimated that the project will be completed within two years.

Mr. Mollohan. How much will this cost?

Mr. Gunaji. The EPA share of the international project is estimated to be about $20 million. The city of San Diego and state of California will also contribute to the project. The project will be in excess of $40 million. I do not have the exact cost because the final drawings and the decision of the city of San Diego and State of California is not complete at this moment. It should be complete within the next two months. I can submit to your office the proper information at that time.

Mr. MOLLOHAN. Mr. Kolbe?

NOGALES WASTEWATER TREATMENT PLANT

Mr. KOLBE. Thank you, Mr. Chairman. In the interests of time, I only have a couple of questions.

First of all, I notice you make some references to the problems that Section 614 caused for your projects. I am obviously interested in the Nogales wastewater treatment plant, at which you and I joined in the ground-breaking. As I understand it, though, your request for $3 million and the schedule for this project is not affected by Section 614, is that correct?

Mr. GUNAJI. That is correct.

Mr. KOLBE. Okay.

Mr. GUNAJI. We had reprogrammed funds for the project earlier. The Nogales project money is intact. We did not request any funding in 1990 for Nogales. Money was available before we advertised the project.

Mr. KOLBE. That is correct. So the $3 million that is contemplated for 1991 will complete the project?

Mr. GUNAJI. We will complete the project.

NOGALES FLOOD CONTROL

Mr. KOLBE. One other question; something new that has come to my mind after dealing with a problem also in Nogales with flood control, which is not normally in your area. You may not be able to answer this now. But I would like you to examine for me whether or not the initial collectors for the flood control of waters coming from Sonora into Nogales was not built, as I understand it, in the 1930s by the International Boundary and Water Commission.

The project has now suddenly been increased very substantially in cost by the Corps of Engineers as a result of all the paving that has been done in Nogales, which would suggest this is not necessarily a Nogales problem, but an international problem. They have had the cost of this project increased by about ten-fold, from $800,000 to $4 million.

If that is the case, and in the past, you shared in the initial construction work that was done here in order to solve this problem 50 years ago, and the fact that it is no longer adequate because of the growth of Nogales, Sonora, and the paving that has been done on that side of the border—I would like you to tell me that and whether or not you agree that ultimately, the International Boundary and Water Commission should participate in this project someday.

Mr. GUNAJI. Congressman Kolbe, I first want to stress the fact that the IBWC, working through the two sections of the Commission, completed the Nogales flood control project about 20 years ago. The floodwaters from the city of Nogales, Sonora are channeled through downtown Nogales to the San Pedro River and discharged into streams.

Mr. **Kolbe**. Right.

Mr. **Gunaji**. Now, that project undertook all future growth in both cities. The Corps project dealt with only the expansion of a collector which is wholly within the United States. I discussed the project, when I met with the colonel of the Los Angeles district. In Mexico, when they discussed this, he indicated that this project will not bring any flows from Nogales, Sonora into their project.

Because of the nature of the project, I presume that the Corps and the county of——

Mr. **Kolbe**. Santa Cruz.

Mr. **Gunaji** [continuing]. Santa Cruz have agreed to finance it with local funding The Federal share is coming through the Corps through the proper flood control formula of the United States——

Mr. **Kolbe**. Commissioner, I will not take up the time of the Committee since we have to vote, and we have got about three minutes left. Perhaps you and I need to talk. They have completely changed the design in the last couple of weeks.

Mr. **Gunaji**. Then in that case, Congressmen, I——

Mr. **Kolbe**. I just found out. That is why——

Mr. **Gunaji**. If that is the case——

Mr. **Kolbe**. I did not mean to catch you by surprise.

Mr. **Gunaji**. Okay. If that is the case—if there is a portion of the project that water is coming from Mexico—then the IBWC is involved, and I will work with the Corps and set this one properly.

Mr. **Kolbe**. We will talk to you further about this.

Thank you, Mr. Chairman.

Mr. **Mollohan**. We will recess the hearing until after the vote, which should be a little longer than a half-hour.

[The following questions were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

Request to OMB

QUESTION: What was your budget request to OMB for these accounts, what reductions did OMB make to your request, and what will be the impact of those reductions on your activities?

ANSWER: The FY 1991 S&E request to OMB was $11,158,000. The impact of the reductions will be that: The equipment replacement program and the filling of vacant Operation and Maintenance positions will be delayed again as it has in the past three years. This will cause equipment repairs to increase and will reduce the effectiveness of Operations and Maintenance crews in the performance of schedule maintenance work on existing projects. The FY 1991 Construction request to OMB was $11,925,000. The final settlement between the Department and OMB was $10,500,000 million which was sequestered in the 1991 budget. Emphasis will be placed on the most important projects; therefore, the reduction will be made by delaying the construction of the projects which have a lower priority.

Salaries and Expenses

QUESTION: In your statement you indicate that more and more items have been coming up that need to be taken care of, primarily due to sanitation concerns. Can you tell us what are those items, what has been the cost, and how have you financed those costs since the appropriation has been essentially level funded over the last several years?

ANSWER: The sanitation concerns have caused a requirement for consultations with city, state and federal agencies both in the United States and Mexico. Together with the other agencies, the most feasible measures for solving border sanitation problems at Tijuana and Mexicali, Baja California; Nogales, Sonora; Reynosa and Nuevo Laredo, Tamaulipas; Piedras Negras and Cuidad Acuna, Cahuilla are being investigated. The additional costs to conduct studies is approximately $100,000 annually. This amount has been made by curtailing operation and maintenance work on existing projects. In the Tijuana/San Diego area, sewage gathering facilities were constructed, but no funds were provided for Operation and Maintenance. Approximately $160,000 annually are being transferred from the Operation and Maintenance program of the gaging stations. The cost to operate the sewer emergency connection at Tijuana/San Diego has exceeded the $100,000 in our allotment by approximately $80,000. This amount has been absorbed by the City of San Diego, and they have requested that we limit the use of the emergency sewer connection from Mexico to U.S.

Another area of concern is the ongoing investigations to define existing and potential problems with the use of unapportioned groundwaters contiguous with the international boundary, the objective being determined of the need for and desirability of agreements with Mexico to avoid potentially serious international problems. The cost for the limited amount of work being conducted is approximately $52,000 annually. Again funds from the Operations and Maintenance accounts are being utilized.

The third area of concern are the new environmental requirements and the aging of structures in the existing O&M Projects. For example, new requirements to replace underground fuel tanks will be between $20,000 to $30,000 at each of seven locations. This year we will have replaced cables, meters and other materials at the Falcon Dam Power Plant at a cost between $50,000 to $100,000. New requirements to change to metric system are now being studied and the costs associated might be incorporated into the FY 1992 budget request.

Construction Appropriation

QUESTION: You are requesting an increase of $5,900,000 for the Nuevo Laredo Sanitation Project. Section 614 has prevented the Commission from obligating most of the $7,175,000 that was appropriated for FY 1990. In your statement you indicate that if Section 614 is not repealed you will be requesting a reprogramming from other projects in the very near future. From what projects would you reprogram funds, and what would be the impact on those projects for FY 1990 and FY 1991?

ANSWER: If section 614 is not lifted, we anticipate requesting reprogramming of $2,500,000 form the Rio Grande Rectification Project. The effect on the Nuevo Laredo Sanitation Project will be to keep that project going. Not having the funds may force Mexico to stop the work, consequently increasing costs and also delaying completion of the project. Also the U.S. would be in violation of an international agreement (Minute No. 279) that requires reimbursement to Mexico of half the costs incurred.

There should be no effect on the Rio Grande Rectification Project in FY 1991. As of January 1, 1990, there were available $3,906,671 in unobligated funds for this project. The $1,406,671 remaining after the reprogramming is sufficient to continue the work scheduled on this project without any disruption in FY 1990. However, in FY 1991, we would need to recover the funds to continue the construction of Rio Grande Rectification Project.

QUESTION: In your statement you also mentioned that the request for $3,000,000 for the Nogales International Wastewater Treatment Plant Improvements Project will complete the funding for this project. You say that the project is designed to meet current treatment standards and estimated population growth through the year 2000. What is the source of your population projections, and will you need to request additional funds for further improvements to the plant if the population projects are too low.?

ANSWER: The estimated sewage load for Nogales, Arizona and Nogales, Sonara have been reported by the U.S. Section in October 1987. The Nogales, Arizona average sewage load came from the Greeley & Hansen Engineers, Inc., March 1987 report for the facility Plan. This facility plan was a requirement for EPA funding and was approved by the State of Arizona and EPA during the approval of the $1.8 million grant under the Clean Water Act. The Nogales, Sonora average sewage load was determined by the U.S. Section estimate based on Mexican population figures projected from 1980's to 1995, 2000, 2005 and 2010. If and when the average sewage load exceed the capacity of 17.2 mgd, additional major improvements will be needed to increase the main pipeline and capacity. Population growth in Mexico exceeding 1980's projection may cause the need for additional funding before 2000, or Mexico may construct a domestic plant in its country to handle the population growth.

TUESDAY, MARCH 20, 1990.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS; CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES; INTERNATIONAL CONFERENCES AND CONTINGENCIES

WITNESSES

JOHN R. BOLTON, ASSISTANT SECRETARY

LUIGI R. EINAUDI, U.S. PERMANENT REPRESENTATIVE TO THE ORGANIZATION OF AMERICAN STATES

Mr. SMITH. Next we will consider the fiscal year 1991 requests for Contributions to International Organizations, Contributions for International Peacekeeping Activities, and International Conferences and Contingencies.

The total request is $1,414,104,000.00, which is an increase of $711,820,000 over the fiscal year 1990 level. At this point in the record we will insert the budget justifications submitted in support of this request.

[The justifications follow:]

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

For expenses, not otherwise provided for, necessary to meet annual obligations of membership in international multilateral organizations, pursuant to treaties ratified pursuant to the advice and consent of the Senate, conventions or specific Acts of Congress [$622,000,000] *$1,158,481,000 of which, not to exceed $463,595,000 shall remain available until expended to pay arrearages incurred through fiscal year 1990, the payment of which shall be directed toward special activities that are mutually agreed upon by the United States and the respective international organizations*: *Provided*, That none of the funds appropriated in this paragraph shall be available for a United States contribution to an international organization for the United States share of interest costs made known to the United States Government by such organization for loans incurred on or after October 1, 1984, through external borrowings. *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Note.—Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State and the United States Information Agency may be obligated and expended at a rate not exceeding the rate available for fiscal year 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The following schedules assume the repeal of this provision.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

FY 1991

SUMMARY STATEMENT
(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
--	$485,940	--	$614,952	--	$1,158,481	--	$543,529

I. Summary

This appropriation provides U.S. contributions to those international organizations of which the United States is a member due to treaties, conventions or specific Acts of Congress. The various activities in this appropriation include assessed contributions to: the UN and Affiliated Agencies; the Inter-American Organizations; the Regional Organizations; and Other International Organizations.

The United States objectives for membership in these organizations are to:

- Build U.S. coalitions and gain support for U.S. interests and policies in the UN and its affiliated agencies, and pursue multilateral programs and activities which advance U.S. interests and the legitimate goals of the UN system;
- Settle disputes peacefully, advance the cause of democracy, further human rights, promote cooperation in development assistance in agriculture, technology, science, health, and transportation; reduce worldwide availability of narcotics and dangerous drugs, fight against terrorism and promote resolution of environmental issues;
- Provide an effective means to address our specific national interests in certain geographic areas of the world and strengthen our alliances in these areas; and
- Exercise influence in commodity trading and pricing, promote international travel, and access legal decision making and arbitration through courts and administrative bodies operating at international levels.

For those organizations paid in a foreign currency, April 1989 month end exchange rates were used to determine U.S. dollar estimates for arrearages and estimates for the fiscal years 1990 and 1991. Actual U.S. dollars cannot be determined for such payments until the date of payment.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

Since FY 1980, the U.S. has been accumulating arrearages resulting from withholdings made in accordance with legislative restrictions and overriding policy considerations. In addition funding shortfalls due to Administration requests and Congressional reductions began in FY 1986. The request is therefore expressed in terms of: Total Requirements; Net Requirements; and Funds Available.

-- Total Requirements represent the net U.S. assessment after adjustments made by the organization (e.g., working capital fund, tax equalization fund credits, prior year credits, etc.)

-- Net Requirements which take legislative and administrative withholdings into consideration (for FAO, the UN, WHO and PAHO), represent that portion of total requirements that would be met if funding shortfalls did not exist; and

-- Funds Available represent estimates by organization within enacted appropriations for the fiscal years 1989 and 1990 (at the Conference approved level, less sequestration).

Included in the Department's FY 1990 appropriation bill (Public Law 101-162) for those accounts under the jurisdiction of the House and Senate Commerce, Justice and State Appropriations Subcommittees is a provision (Section 614 of the Commerce-Justice-State Appropriations Bill) that states that funds appropriated to the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The FY 1990 estimates used in this presentation assume the repeal of this provision.

The FY 1990 estimates also reflect the impact of FY 1990 sequestration pursuant to Public Law 99-177, The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Reaffirmation Act of 1987 (Public Law 100-119).

II. Current Programs

FY 1990 estimates presume the necessary legislative action required to restore the CIO appropriation to the Conference approved level of $622,000,000, less sequestration (i.e., -$7,048,000). Based on this assumption, forty-five of the forty-six organizations included in the FY 1990 request will be paid in full (all except FAO).

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

III. 1991 Plans

The FY 1991 request of $1,158,481,000 represents full funding ($694,886,000) of assessed contributions to the fifty-one international organizations included in this request. It also includes a request ($463,595,000) to pay net total arrearages (total arrearages minus certain legislative and administrative withholdings) incurred through fiscal year 1990. This request reflects the progress on reform that has been achieved within international organizations and the increasingly important U.S. foreign policy objectives that can be served through the effective use of multilateral institutions. The President is committed to meeting our obligations and restoring financial stability to the United Nations and other international organizations. Twenty percent of the prior years arrearages (i.e., $92,719,000 according to current estimates) will be expended in each of the fiscal years 1991 through 1995. These funds shall be directed toward special activities that are mutually agreed upon by the United States and the respective international organizations and their payments would be conditional upon such agreements.

The President's FY 1991 budget request of $1,158,481,000 reflects an increase of $543,529,000 over FY 1990 estimates. This increase includes the following components:

-- Changes to annual requirements (net requirements for FAO, the UN, WHO and PAHO) totalling $47,190,000, primarily attributable to inflation and mandatory cost increases within the assessed budgets of the various international organizations;

-- Increases above the FY 1990 estimate level totalling $32,744,000 for FAO (where FY 1990 net requirements exceeded the FY 1990 request), WIPO, INRO, IOVW, ISO, ITTO and PIARC (where FY 1990 requirements were funded from other appropriations), and IUCNNR (where the United States' is being assessed for the first time); and as discussed above

-- Net arrearages totalling $463,595,000 incurred through fiscal year 1990 (certain arrearages will continue as a result of withholdings caused by legislative restrictions and overriding policy considerations).

Overview of FY 1991 CIO Request
(amounts in thousands)

			FY 1991 Request			Explanation of FY 1991 Increase			
Organization	FY 1989 Enacted	FY 1990 Estimate	Annual Require-ments	Payable Arrears Thru FY 1990	Total FY 1991 Request	Annual Require-ment Changes +	Incr. above FY 1990 Estimate+	Payable Arrears =	Total Incr./Decr.
UN and Affiliated Agencies:									
FAO	25,000	29,481	70,293	113,092	183,385	9,199	31,613	113,092	153,904
IAEA	35,160	36,663	39,590	—	39,590	2,927	—	—	2,927
ICAO	8,207	10,133	9,484	1,655	11,139	-649	—	1,655	1,006
ILO	27,711	48,798	44,008	24,894	68,902	-4,790	—	24,894	20,104
IMO	944	889	1,110	—	1,110	221	—	—	221
ITU	4,917	5,043	4,969	—	4,969	-74	—	—	-74
UN	144,000	206,884	231,455	219,543	450,998	24,571	—	219,543	244,114
UNIDO	12,668	18,264	19,448	15,276	34,724	1,184	—	15,276	16,460
UPU	814	797	827	—	827	30	—	—	30
WHO	65,354	71,073	78,277	25,890	104,167	7,204	—	25,890	33,094
WIPO	618	610	850	241	1,091	-31	271	241	481
WMO	6,094	6,162	6,574	2,138	8,712	412	—	2,138	2,550
Subtotal	331,487	434,797	506,885	402,729	909,614	40,204	31,884	402,729	474,817
Inter-American Organizations:									
IAII	104	104	109	3	112	5	—	3	8
IICA	10,856	14,243	14,681	5,602	20,283	438	—	5,602	6,040
OAS	32,968	49,899	46,356	38,327	84,683	-3,543	—	38,327	34,784
PAHO	32,059	39,204	39,552	13,038	52,590	348	—	13,038	13,386
PAIGH	340	347	362	40	402	15	—	40	55
PARCA	25	25	25	1	26	—	—	1	1
Subtotal	76,352	103,822	101,085	57,011	158,096	-2,737	—	57,011	54,274
Regional Organizations:									
CPCTC	11	11	12	—	12	1	—	—	1
NAA	573	928	739	—	739	-189	—	—	-189
NATO	29,645	27,233	33,197	—	33,197	5,964	—	—	5,964
OECD	33,960	33,898	36,748	—	36,748	2,850	—	—	2,850
SPC	783	841	900	403	1,303	59	—	403	462
Subtotal	64,972	62,911	71,596	403	71,999	8,685	—	403	9,088

Overview of FY 1991 CIO Request
(amounts in thousands)

			FY 1991 Request			Explanation of FY 1991 Increase			
Organization	FY 1989 Enacted	FY 1990 Estimate	Annual Require-ments	Payable Arrears Thru FY 1990	Total FY 1991 Request	Annual Require-ment Changes +	Incr. Above FY 1990 Estimate+	Payable Arrears =	Total Incr./Decr.
Other International Organizations:									
BIE	20	21	24	9	33	3	--	9	12
CCC	2,166	2,237	2,369	479	2,848	132	--	479	611
GATT	6,382	6,244	6,563	1,790	8,353	319	--	1,790	2,109
HCOPIL	54	59	62	14	76	3	--	14	17
IARC	1,049	1,252	1,366	55	1,421	114	--	55	169
IBPCA	10	10	11	6	17	1	--	6	7
IBPCT	59	77	110	28	138	33	--	28	61
IBWM	512	553	586	172	758	33	--	172	205
ICCROM	461	528	554	25	579	26	--	25	51
ICO	713	643	832	--	832	189	--	--	189
ICAC	175	180	190	31	221	10	--	31	41
IHB	60	62	71	--	71	9	--	--	9
IIUPL	80	82	88	29	117	6	--	29	35
IJO	49	46	69	--	69	23	--	--	23
ILZSG	31	39	36	4	40	-3	--	4	1
INRO	30	--	253	--	253	24	229	--	253
IOE	58	60	62	25	87	2	--	25	27
IOLM	71	76	81	22	103	5	--	22	27
IOVW	--	--	36	46	82	-6	42	46	82
IRSG	64	64	58	4	62	-6	--	4	-2
ISTA	5	6	6	3	9	--	--	3	3
ISO	--	--	261	229	490	19	242	229	490
ITTO	--	--	225	218	443	55	170	218	443
IWC	289	300	361	263	624	61	--	263	324
IUCNNR	--	--	168	--	168	--	168	--	168
IU	469	502	546	--	546	44	--	--	44
MCLRS	45	49	--	--	--	-49	--	--	-49
PIARC	--	--	13	--	13	4	9	--	13
WTO	277	332	319	--	319	-13	--	--	-13
Subtotal	13,129	13,422	15,320	3,452	18,772	1,038	860	3,452	5,350
Total CIO	485,940	614,952	694,886	463,595	1,158,481	47,190	32,744	463,595	543,529

SUMMARY OF ACTIVITIES
FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Full Funding	Arrearages	1991 Total
Contributions to International Organizations					
United Nations and Affiliated Agencies					
Food and Agriculture Organization..................	$25,000	$29,481	$70,293	$113,092	$183,385
International Atomic Energy Agency..................	35,160	36,663	39,590	—	39,590
International Civil Aviation Organization..........	8,207	10,133	9,484	1,655	11,139
International Labor Organization..................	27,711	48,798	44,008	24,894	68,902
International Maritime Organization..................	944	889	1,110	--	1,110
International Telecommunications Union..........................	4,917	5,043	4,969	--	4,969
United Nations..................	144,000	206,884	231,455	219,543	450,998
United Nations Industrial Development Organization..................	12,668	18,264	19,448	15,276	34,724
Universal Postal Union..........	814	797	827	—	827
World Health Organization......	65,354	71,073	78,277	25,890	104,167
World Intellectual Property Organization..........	618	610	850	241	1,091
World Meteorological Organization..................	6,094	6,162	6,574	2,138	8,712
SUB TOTAL United Nations and Affiliated Agencies.............	331,487	434,797	506,885	402,729	909,614
Inter-American Organizations					
Inter-American Indian Institute......................	104	104	109	3	112
Inter-American Institute for Cooperation on Agriculture....................	10,856	14,243	14,681	5,602	20,283
Organization of American States..........................	32,968	49,899	46,356	38,327	84,683
Pan American Health Organization..................	32,059	39,204	39,552	13,038	52,590
Pan American Institute of Geography and History.........	340	347	362	40	402

Contributions to International Organizations

SUMMARY OF ACTIVITIES
FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Full Funding	Arrearages	1991 Total
Pan American Railway Congress Association..........	$25	$25	$25	$1	$26
SUB TOTAL Inter-American Organizations..................	76,352	103,822	101,085	57,011	158,096
Regional Organizations					
Colombo Plan Council for Technical Cooperation.....	11	11	12	--	12
North Atlantic Assembly.........	573	928	739	--	739
North Atlantic Treaty Organization..................	29,645	27,233	33,197	--	33,197
Organization for Economic Cooperation & Development.....	33,960	33,898	36,748	--	36,748
South Pacific Commission.......	783	841	900	403	1,303
SUB TOTAL Regional Organizations.	64,972	62,911	71,596	403	71,999
Other International Organizations					
Bureau of International Expositions....................	20	21	24	9	33
Customs Cooperation Council.........................	2,166	2,237	2,369	479	2,848
General Agreement on Tariffs and Trade.............	6,382	6,244	6,563	1,790	8,353
Hague Conference on Private International Law............................	54	59	62	14	76
International Agency for Research on Cancer............	1,049	1,252	1,366	55	1,421
International Bureau of the Permanent Court of Arbitration.....................	10	10	11	6	17
Intl Bureau for the Publication of Customs Tariffs........................	59	77	110	28	138
International Bureau of Weights and Measures..........	512	553	586	172	758
Intl Center for Study of Preservation and Restoration of Cultural Prop.........	461	528	554	25	579
International Coffee Organization..................	713	643	832	--	832

Contributions to International Organizations

SUMMARY OF ACTIVITIES
FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Full Funding	Arrearages	1991 Total
International Cotton Advisory Committee	$175	$180	$190	$31	$221
International Hydrographic Organization	60	62	71	—	71
International Institute for the Unification of Private Law	80	82	88	29	117
International Jute Organization	49	46	69	—	69
International Lead and Zinc Study Group	31	39	36	4	40
International Natural Rubber Organization	30	—	253	—	253
International Office of Epizootics	58	60	62	25	87
International Office of the Vine and Wine	—	—	36	46	82
International Organization for Legal Metrology	71	76	81	22	103
International Rubber Study Group	64	64	58	4	62
International Seed Testing Association	5	6	6	3	9
International Sugar Organization	—	—	261	229	490
International Tropical Timber Organization	—	—	225	218	443
International Wheat Council	289	300	361	263	624
International Union for the Conservation of Nature and Natural Resources	—	—	168	—	168
Interparliamentary Union	469	502	546	—	546
Maintenance of Certain Lights in the Red Sea	45	49	—	—	—
Permanent International Association of Road Congresses	—	—	13	—	13
World Tourism Organization	277	332	319	—	319
SUB TOTAL Other International Organizations	13,129	13,422	15,320	3,452	18,772
GRAND TOTAL	485,940	614,952	694,886	463,595	1,158,481

Note: The FY 1990 Estimate column reflects the recent Congressionally approved reprogramming of the CIO account.

Contributions to International Organizations

SUMMARY OF CHANGE

(DOLLARS IN THOUSANDS)

Program Activities	POSITIONS American Pos.	FSNs	Total	FUNDS Bureau Managed	American Salaries	Total
1989 ENACTED..................	—	—	—	$485,940	—	$485,940
1990 BASE.....................	—	—	—	614,952	—	614,952
1990 ADJUSTMENTS...............	—	—	—	—	—	—
1990 ESTIMATE..................	—	—	—	614,952	—	614,952
1991 PROGRAM CHANGES						
Contributions to International Organizations						
United Nations and Affiliated Agencies.......	—	—	—	474,817	—	474,817
Inter-American Organizations.............	—	—	—	54,274	—	54,274
Regional Organizations.....	—	—	—	9,088	—	9,088
Other International Organizations............	—	—	—	5,350	—	5,350
Sub-total Contributions to Organizations.....	—	—	—	543,529	—	543,529
TOTAL PROGRAM CHANGES........	—	—	—	543,529	—	543,529
1991 REQUEST..................	—	—	—	1,158,481	—	1,158,481

Contributions to International Organizations

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
2500 OTHER SERVICES........	$2,840	$4,050	$--	$4,050	$--
4100 GRANTS, SUBSIDIES AND CONTRIBUTIONS.......	483,100	610,902	172,653	783,555	172,653
9000 UNOBLIGATED BALANCE...			370,876	370,876	370,876
Total, Budget Unit	485,940	614,952	543,529	1,158,481	543,529

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

GLOSSARY OF TERMS

FY/CY

FY is used when referring to a fiscal year. CY is used when referring to a calendar year.

Tax Equalization Fund

International Organizations set pay on the assumption that their employees' salaries will not be taxed. However, because the U.S. government taxes such income, a mechanism was developed so that American employees would not be at a disadvantage compared to their foreign counterparts. This process allows the international organization to rebate to the American employee the amount of his tax liability and in turn, the U.S. is assessed, through a Tax Equalization Fund, by the organization for this rebate.

Tax Equalization Fund Credit

The Tax Equalization Fund Credit is a credit that the Organization applies to the U.S. assessment for the difference between what the U.S. pays into the Organizations' Tax Equalization Fund and what the Organization actually pays the U.S. citizens employed by the Organization for income tax purposes.

Tax Equalization Reimbursement

The Tax Equalization Reimbursement is a bilateral agreement whereby the U.S. pays the organization separately for the tax reimbursements it makes to U.S. tax-paying employees.

Tax Equalization Fund Adjustment

The Tax Equalization Fund Adjustment is an adjustment made by the United States over the Organization's estimate of what the Tax Equalization Fund credit should be.

Prior Year Adjustments

Prior Year Adjustments represent adjustments which are not determined until the Organization's budget year is closed. These adjustments are generally identified as various surplus funds resulting from such actions as an increase in the sale of publications and contributions from new members.

Credit Adjustment

A Credit Adjustment has the effect of the organization reducing prior year arrearages.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

GLOSSARY OF TERMS (continued)

Special Reserve Account

In the FAO, a "Special Reserve Account" has been established by resolution to protect the FAO's program of work against the effects of currency instability and unbudgeted extra costs. The level of the fund is set at 5% of the effective working budget for the 1988-89 biennium.

Funding Shortfalls

Reestimates, Congressional reductions and the Administration's commitment to the Budget Summit Agreement account for a portion of the funding deficits in this appropriation for FY 1989. On an ordinary basis, requirements vary from request to request due to exchange rate fluctuations and the adoption of certain budgets subsequent to our original request for funds. However, congressional reductions have added to the funding shortfalls over the past several years.

Where shortfalls occur in organizations paid in a foreign currency, noting that such a shortfall is determined by the exchange rate in effect at the time of payment, the estimated shortfall has been expressed in this request in both the foreign currency and U.S. dollars.

Funds Available and FY 1991 Request

Funds Available and FY 1991 Request represent that portion of the total requirements the United States will be able to meet after adjustments made by the United States (e.g. legislative and administrative withholdings, tax equalization fund adjustments, funding shortfalls, etc.).

The "Funds Available" pertain to the fiscal year 1989 and 1990 columns, and represent amounts made available through an enacted appropriation for the fiscal years 1989 and 1990 (at the Conference approved level, less sequestration).

The "FY 1991 Request" represents amounts being requested for FY 1991.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

FY 1991

JUSTIFICATION OF PROGRAM ACTIVITIES

(dollars in thousands)

	Positions		Funds
	American	FSN	
1991 Request......................	--	--	$1,158,481

United Nations and Affiliated Agencies

(Dollars in Thousands)

	1990 Current Estimate	1991 Request	Increase or Decrease (-)
Food and Agriculture Organization	$29,481	$183,385	$153,904
International Atomic Energy Agency	36,663	39,590	2,927
International Civil Aviation Organization	10,133	11,139	1,006
International Labor Organization	48,798	68,902	20,104
International Maritime Organization	889	1,110	221
International Telecommunication Union	5,043	4,969	-74
United Nations	206,884	450,998	244,114
United Nations Industrial Development Organization	18,264	34,724	16,460
Universal Postal Union	797	827	30
World Health Organization	71,073	104,167	33,094
World Intellectual Property Organization	610	1,091	481
World Meteorological Organization	6,162	8,712	2,550
Funds Available and FY 1991 Request	434,797	909,614	474,817

Goals and Objectives

U.S. actions in the UN are guided by the principles of the Charter: respect for the sovereignty and territorial integrity of all nations, the resort to peaceful means of settling disputes, and the promotion of human rights, including freedom and economic development. Adhering to these principles, the U.S. also seeks specific goals for the UN: to increase its capacity for anticipating, avoiding and mediating conflict situations endangering world peace; to turn the organization more toward constructive dialogue and less toward public posturing; to support the pursuit of a solution to technical problems through the application of appropriate resources and expertise within the UN specialized agencies; to improve its performance through a more efficient use of its resources; and to increase international support for U.S. foreign policy initiatives.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

Supporting objectives requires that the U.S. ensures effective American leadership and participation; seeks responsible budget and management practices; seeks improved evaluation mechanisms and assessments of field programs; seeks to keep extraneous political issues out of the specialized agencies; seeks to increase the role of the private sector; and strives to increase the number of U.S. nationals in international organizations.

Base Program

The UN and Affiliated Agencies provide the U.S. with a wide range of opportunities for promoting U.S. interests, views, and values in such diverse fields as health, the environment, drugs, food and agriculture, labor, postal services, telecommunications, shipping, civil aviation, meteorology, peaceful uses of nuclear energy, and patents and copyrights. Without these agencies, it would be exceedingly difficult for the U.S. to carry out cooperative initiatives in such critical areas as nuclear non-proliferation and food production. These agencies enable us to attack global and regional problems not readily amenable to bilateral diplomacy.

FOOD AND AGRICULTURE ORGANIZATION (FAO)

Rome, Italy
(Dollars in Thousands)

1991 Increase: $153,904

Computation of Estimate	Actual FY 1989 (CY 1988)	Estimate FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
Assessment Against Members	$267,620	$267,620	$315,880
United States % Share	25%	25%	25%
United States Assessment	66,905	66,905	78,970
Tax Equalization Fund Credit	-6,225	-6,225	-8,662
Working Capital Fund	938	750	--
Special Reserve Account	3,077	--	--
Total Requirements	64,695	61,430	70,308
Tax Equalization Fund Adjustment	-86	-336	-15
Net Requirements	64,609	61,094	70,293
Arrears Payment	--	--	113,092
Funding Shortfall	-39,609	-31,613	--
Funds Available and FY 1991 Request	25,000	29,481	183,385

Explanation of Estimate

The FY 1991 estimate represents the U.S. share for the first year of the draft 1990-91 biennial budget approved in November 1989, and is intended to provide funding of net requirements for CY 1990 and prior years arrearages. The FY 1991 increase of $153,904,000 results from: (1) an increase of $9,199,000 in annual net requirements (inclusive of an assessment increase of $12,065,000, a decrease of -$750,000 to non-recur working capital fund costs, a decrease of -$2,437,000 resulting from an increase in the tax equalization fund credit, and a change in the tax equalization fund adjustment of $321,000); (2) reestablishing $31,613,000, over the FY 1990 level, to fully fund FY 1991 net requirements; and (3) an increase of $113,092,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

For comparison purposes, the FAO 1990-91 budget increases approximately 16% which is primarily attributable to mandatory cost increases and inflation. The budget as currently drafted includes one percent real growth.

Purpose and Benefits to the United States

The FAO is the principal international organization for improving production and distribution of food and agricultural products, with the goal of promoting world food security and ensuring freedom from hunger.

The FAO program of work benefits the U.S. in the following ways: (1) FAO plant pest and animal disease eradication programs protect U.S. agriculture from potential losses of billions of dollars; (2) the FAO/WHO Codex Alimentarius sets international food standards beneficial to U.S. food industries; (3) data collected by FAO on global agriculture, forestry, and fisheries is important to the USG and U.S. industries; (4) FAO provides international fora for discussion of food and agricultural issues of importance to the U.S.; (5) the FAO Global Information and Early Warning System (GIEWS) sounds alerts on potential food disasters throughout the world; and (6) FAO cooperates with USAID in efforts to control the African locust plague.

INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA)

Vienna, Austria
(Amounts in Thousands)

1991 Increase: $2,927

Computation of Estimate	Actual FY 1989 (CY 1988)	Estimate FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
Assessment Against Members Billed in US Dollars	$20,389	$17,216	$18,081
United States % Share (approx.)	25.42%	25.14%	25.14%
U.S. Assessment in Dollars	$5,183	$4,328	$4,546
Less: Credit for prior year surplus	-2,297	-815	--
Credit Adjustment a/	359	--	--
Working Capital Fund	--	500	500
Tax Equalization Reimbursement	--	561	150
Requirement in U.S. Dollars	3,245	4,574	5,196
Assessment Against Members Billed in Austrian Schillings	1,541,272	1,667,702	1,737,995
United States % Share (approx.)	26.03%	26.036%	26.043%
U.S. Assessment in Austrian schillings	401,193	434,204	452,623
Less: Credit for prior year surplus	--	-27,003	--
Credit Adjustment a/	16,892	14,802	--
Payment Within Availability of Funds	418,085	422,003	452,623
Approx. Exchange Rate Austrian Schillings to $1.00	13.10	13.1510	13.16
U.S. Dollar Equivalent of U.S. Payment in Austrian Schillings	$31,915	$32,089	$34,394
Funds Available and FY 1991 Request	35,160	36,663	39,590

a/ Application of the credit adjustment by the organization has the effect of reducing prior year arrearages.

Explanation of Estimate

The U.S. assessment to the IAEA is paid in U.S. dollars and Austrian schillings. The FY 1991 request is intended to provide full funding of U.S. requirements for the CY 1990. The FY 1991 increase of $2,927,000 in annual requirements results from an assessment increase of $1,618,000, primarily attributable to inflation, an increase of $2,845,000 to non-recur the credit for prior year surplus, a decrease of -$1,125,000 for a non-recurring credit adjustment, and a decrease of -$411,000 in tax equalization reimbursement estimates.

Purpose and Benefits to the United States

The International Atomic Energy Agency (IAEA) serves critical U.S. security and non-proliferation interests by providing assurances, through the application of IAEA safeguards, that nuclear material intended for peaceful use is not diverted to nuclear weapons or other nuclear explosive devices. In this way, the IAEA has been a key component of global efforts to prevent the further spread of nuclear weapons, and thereby reduce the risk of nuclear war.

Under the provisions of the Nuclear Non-Proliferation Treaty (NPT), non-nuclear weapon states party to the Treaty are required to submit, through the negotiation of a "full-scope" safeguards agreement, all facilities and nuclear material to IAEA safeguards inspection. In addition, the IAEA applies safeguards to designated facilities in certain non-NPT countries, and in nuclear weapons states which have agreed to accept safeguards on their peaceful nuclear activities (U.S., USSR, UK, France). In 1988, the IAEA completed 2,128 inspections at 513 nuclear installations in 57 countries.

Each year, the maintenance of an effective safeguards program assumes greater importance to U.S. interests as IAEA safeguards obligations increase and as new and more sophisticated nuclear facilities (e.g. reprocessing and enrichment plants) come on line. The continuing vital role of the IAEA was acknowledged by both President Reagan and General Secretary Gorbachev in each of the recent U.S.-Soviet summit communiques, and by President Bush in his February 9, 1989 address to a Joint Session of Congress.

In addition to its role in preventing the further spread of nuclear weapons, the IAEA works "to accelerate and enlarge the contribution of atomic energy to peace, health, and prosperity throughout the world." In pursuance of these objectives, the IAEA is involved in a broad range of research, technical assistance, and informational activities, many of which are of special interest to the United States. Programs such as health and safety standards, environmental aspects of nuclear energy, nuclear waste disposal, physical protection of nuclear material, and studies on storage for spent fuel and weapons usable material help to promote the safe development and use of nuclear power in countries around the globe.

Following the nuclear reactor accident at Chernobyl in 1986, the IAEA played an instrumental role in addressing both the near and long-term consequences of the accident. Under its auspices, member states negotiated and brought into force two conventions on notification and emergency assistance to improve coordination among states in the event of nuclear accidents with transboundary radiological releases. In addition, the IAEA embarked upon an expanded program of nuclear safety activities in an effort to prevent future nuclear accidents, and where possible, mitigate their consequences. The United States has strongly supported these initiatives.

INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO)

Montreal, Canada
(Dollars in Thousands)

1991 Increase: $1,006

Itemization of Estimate	Actual 1989	Estimate 1990	Estimate 1991
1. U.S. Share of ICAO Expenses	$7,367	$7,910	$10,108
2. Joint Financing Programs	840	2,223	1,031
Funds Available and FY 1991 Request	8,207	10,133	11,139

(1) U.S. Share of ICAO Expenses — 1991 Increase: $2,198

Computation of Estimate	Actual FY 1989 (CY 1988)	Actual FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
Assessment Against Members	$30,092	$31,640	$33,810
United States % Share	25%	25%	25%
United States Assessment	7,523	7,910	8,453
Credit Adjustment	64 a/	--	--
Less: Credit for prior year surplus	-220	--	
Total Requirements	7,367	7,910	8,453
Arrears Payment	--	--	1,655
Funds Available and FY 1991 Request	7,367	7,910	10,108

a/ Application of the credit adjustment by the organization has the effect of reducing prior year arrearages.

Explanation of Estimate

The FY 1991 estimate represents the U.S. share for the first year of ICAO's 90-92 triennial budget and is intended to provide full funding of U.S. requirements for the CY 1990 and prior years arrearages. The FY 1991 request increases by $2,198,000 resulting from: (1) an increase of $543,000 in annual requirements (due to an assessment increase); and (2) an increase of $1,655,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

For comparison purposes, ICAO's 90-92 triennial budget represents an 18 percent increase over the 87-89 triennium. This increase is attributable to mandatory cost increases, inflation and exchange rate fluctuations with regard to the Canadian dollar.

Purpose and Benefits to the United States

ICAO's mission is to develop principles and techniques of international air navigation and to foster the planning and development of international air transport, in order to insure the safe and orderly growth of international civil aviation throughout the world; to encourage the development of airways, airports, and air navigation facilities for international civil aviation; to insure that the rights of contracting states are fully respected and that every contracting state has a fair opportunity to operate in the field of international commercial aviation; to promote safety of flight in international air navigation; and to develop all aspects of international civil aeronautics.

Of major interest to the United States is the role ICAO plays in developing technical measures to prevent hijacking and other terrorist acts of unlawful interference with international civil aviation. Other ICAO activities of interest to the U.S. include the establishment of noise and emissions standards in international air service and the promotion of uniformity in international air navigation services and facilities.

(2) United States Participation in ICAO Joint Financing Programs a/
(Dollars in Thousands)

1991 Decrease: -$1,192

Computation of Estimate	Actual 1989	Estimate 1990	Estimate 1991
Danish Projects	$840	$1,373	$840
Icelandic Projects	$356	$850	$191
Less: Credit from Prior Year Surplus	-356	--	--
Subtotal, Icelandic Requirements	--	850	191
Funds Available and FY 1991 Request	840	2,223	1,031

a/ Because they are payments for services used, U.S. contributions to the Joint Financing Programs are not subject to the deferral. Member states assessments depend on the volume of air traffic over the North Atlantic.

Explanation of Estimate

The FY 1991 decrease of -$1,192,000 results from a reduction in logistics costs for the Danish Projects (-$533,000), and an offset of user fees for the U.S. share of costs relating to Icelandic projects (-$659,000).

Purpose and Benefits to the United States

The purpose of this program in the ICAO budget is to provide joint financing that supports and maintains the air navigation facilities and aircraft communications network over the North Atlantic air routes, the most heavily travelled in the world. The U.S. and other user states, as well as the user airlines, pay a fee based on their proportionate use of these air navigation facilities, which are located in the territories of Denmark (Greenland) and Iceland. The facilities are jointly financed because their cost is disproportionate to their usage by Denmark and Iceland.

INTERNATIONAL LABOR ORGANIZATION (ILO)

Geneva, Switzerland
(Dollars in Thousands)

1991 Increase: $20,104

Computation of Estimate	Actual FY 1989 (CY 1988)	Estimate FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
Assessment Against Members	$162,430	$194,593	$289,135 SF
United States % Share	25%	25%	25%
United States Assessment	40,608	48,648	72,284 SF
Approx. Exchange Rate Pounds Sterling to $1.00			1.65
Payment Within Available U.S. Dollars	$40,608	$48,648	$43,808
Tax Equalization Reimbursement (est.)	119	150	200
Total Requirements	40,727	48,798	44,008
Arrears Payment	--	--	24,894
Funding Shortfall	-13,016	--	--
Funds Available and FY 1991 Request	27,711	48,798	68,902

Explanation of Estimate

Effective January 1, 1990, the ILO will convert its currency of assessment from U.S. dollars to Swiss Francs. The FY 1991 estimate represents the U.S. share for the first year of the 1990-91 biennial budget approved in June 1989, and is intended to provide full funding of U.S. requirements for the CY 1990 and prior years arrearages. The FY 1991 increase of $20,104,000 results from: (1) a decrease of -$4,790,000 in annual requirements (inclusive of an assessment decrease of -$4,840,000 and an increase of $50,000 in tax reimbursement estimates); and (2) an increase of $24,894,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

For comparison purposes, ILO's 1990-91 biennial budget represents a two percent decrease from the budget for 1988-89. This increase primarily results from ILO program reductions adopted in 1988.

Purpose and Benefits to the United States

The ILO, with 150 member nations is unique among international organizations because the delegations are tripartite, consisting of representatives from each member state's government, business management, and labor sectors. Within the national delegation framework, these groups independently represent their own points of view on issues of concern to the ILO. U.S. delegations to the ILO general conferences and Governing Body sessions consist of representatives from the federal government, the AFL-CIO, and the U.S. Council for International Business.

United States participation in the ILO is guided by national interests as defined by the President's Committee on the ILO. The Committee consists of the Secretaries of Labor, State and Commerce as well as the National Security Adviser; and the presidents of the AFL-CIO and the U.S. Council for International Business. U.S. interests include preserving and strengthening worker rights, improving working conditions, creating employment, and providing information and training opportunities to the membership. Specific goals include protecting the ILO's quasi-judicial machinery for the supervision of its International Labor and Human Rights conventions, promoting effective ILO programs while holding the line on budget growth, ensuring the autonomy of the worker and the employer groups and discouraging the introduction of disruptive political issues outside the ILO's area of technical competence.

The ILO is the only multilateral organization which specifically promotes the interests of working people and their families through its policy-making organs, an annual general conference and Governing Body sessions, which adopt international labor standards designed to enhance their economic and social well-being. Perennial issues include the right to freedom of association, the right to organize and bargain collectively, and the efforts against practices of forced labor, child labor and employment discrimination. Thus, the ILO advances democratic concepts.

ILO efforts to undertake impartial investigations of labor standards violations in Eastern Europe contributed to the development of the Solidarity movement in Poland, and to continuing investigations of labor complaints against the USSR and Czechoslovakia and Nicaragua, among others. ILO activities in such fields as worker education, industrial skills training, occupational safety and health, manpower planning, and management training, are aimed at helping countries to preserve or enhance the rights and dignity of workers to advance economically. Some ILO programs directly benefit the U.S., including the occupational safety and health hazard alert system and the labor standards and human rights program.

The United States also supports ILO programs on Planning for Employment and Alleviation of Poverty, International Employment Problems and Policies, and Population and Labor Policies. These programs contribute to the solution of labor-related problems abroad and to the growth of stable and democratic labor movements.

INTERNATIONAL MARITIME ORGANIZATION (IMO)

London, England
(Dollars in Thousands)

1991 Increase: $221

Computation of Estimate	Actual FY 1989 (CY 1988)	Actual FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990) a/
Assessment Against Members (in Pounds Sterling)	9,353	10,237	11,837
United States % Share (approx.)	5.35%	5.53%	5.53%
United States Assessment	501	566	655
Approx. Exchange Rate Pounds Sterling to $1.00	.5720	.633	.59
Payment Within Available U.S. Dollars	$875	$894	$1,110
Partial Payment CY 1989 Assessment in FY 1989	5	-5	--
Arrears Payment	64	--	--
Funds Available and FY 1991 Request	944	889	1,110

Explanation of Estimate

The FY 1991 estimate represents the first year of the IMO's 90-91 biennial budget and is intended to meet full U.S. requirements for CY 1990. The FY 1991 increase of $221,000 in annual requirements results from an assessment increase of $216,000 and an increase of $5,000 attributable to the partial payment of FY 1990 requirements in FY 1989.

For comparison purposes, IMO's draft 90-91 biennial budget is a 20.2 percent net increase over the revised 88-89 biennial budget. This increase results from inflation of 6.5%, mandatory cost increases of 12.1% and exchange rate increases of 0.9%, offset by net program decreases of approximately 2.5%.

Purpose and Benefits to the United States

The IMO is responsible for the establishment of the highest practicable standards for maritime safety and the prevention of marine pollution. It presently has 132 member states. As the world's largest user of international shipping, the U.S. has a strong interest in supporting the IMO's efforts to establish strong maritime-safety and pollution control standards.

IMO activities include the establishment of safety standards for maritime personnel and equipment, and the adoption of common procedures to enhance safety of life at sea. In addition, IMO's work in preventing marine pollution includes more stringent controls for carriage of hazardous and dangerous goods, oil discharge and control systems, oil tanker washing systems, and identification of areas of the ocean that are particularly sensitive to pollution.

The U.S. reaps great benefit from the work of this organization while paying only about five per cent of its costs. The majority of the costs are borne by those nations with the greatest percentage of the world's gross registered tonnage. Currently of major interest to the U.S. is the global implementation of the anti-terrorism security measures adopted by the IMO in September 1986, and the ratification of a new anti-terrorism treaty, which was adopted at a diplomatic conference held in Rome, Italy, in March 1988.

INTERNATIONAL TELECOMMUNICATION UNION (ITU)

Geneva, Switzerland
(Amounts in Thousands)

1991 Decrease: -$74

Computation of Estimate	Actual 1989	Estimate 1990	Estimate 1991
Assessment Against Members			
(in Swiss Francs)	91,034	106,199	108,854
United States % Share (approx.)	7.66%	7.49%	7.49%
United States Assessment	6,978	7,950	8,153
Regional Conference Costs	151	180	--
Prior Year Adjustment	--	5	--
Total Requirements	7,129	8,135	8,153
Approx. Exchange Rate			
Swiss Francs to $1.00	1.45	1.65	1.65
Payment Within Available U.S. Dollars	$4,917	$4,930	$4,941
Tax Equalization Reimbursement	--	113	28
Funds Available and FY 1991 Request	4,917	5,043	4,969

Explanation of Estimate

The U.S. assessment is paid in Swiss Francs. The FY 1991 decrease of -$74,000 in annual requirements results from an assessment increase of $123,000, attributable to anticipated inflation of 2.55 percent, offset by a decrease of -$109,000 to non-recur regional conference costs, a decrease of -$3,000 to non-recur a FY 1990 prior year adjustment, and a decrease of -$85,000 in tax reimbursement estimates.

Purpose and Benefits to the United States

The purpose of the International Telecommunication Union (ITU) is threefold: (1) to maintain and extend international cooperation for the improvement and rational use of telecommunications of all kinds; (2) to promote the development of technical facilities and their most efficient operation with a view to improving efficiency of telecommunication services, increasing their usefulness and making them, so far as possible, generally available to the public; and (3) to harmonize the actions of nations in the attainment of those common goals. Important tasks confronting the Union in the near term will include revision of procedures for the allotment of satellite positions on the geostationary orbit and allocation of associated radio frequency spectrum; as well as establishment of a new international regulatory regime for the provision of emerging telecommunication services, such as computer networks, videotex, and teletex.

The ITU will hold a Plenipotentiary Conference in June 1989, to fill nine elective positions, adopt budget ceilings and a conference schedule for the next six years. The Conference also will consider adoption of new basic instruments and adopt other measures as necessary for both internal management and program execution by the ITU.

UNITED NATIONS (UN)

New York, United States
(Dollars in Thousands)

1991 Increase: $244,114

Computation of Estimate	Actual FY 1989 (CY 1988)	Estimate FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
Assessment Against Members	$859,638	$865,146	$968,336
United States % Share	25%	25%	25%
United States Assessment	214,909	216,287	242,084
Offset for Repayment of Loan	-862	-40	--
Total Requirements	214,047	216,247	242,084
Sec. 144, P.L. 99-93, est. (PLO, SWAPO)	-1,000	-1,000	-1,600
Sec. 144, P.L. 99-93, est. (ECA Const.)	--	--	-3,500
U.S. Share of the Law of the Sea Preparatory Commission	-900	-900	-193
Tax Equalization Fund Adjustment	-8,051	-7,463	-5,336
Net Requirements	204,096	206,884	231,455
Arrears Payment	--	--	219,543
Funding Shortfall	-60,096	--	--
Funds Available and FY 1991 Request	144,000	206,884	450,998

Explanation of Estimate

The FY 1991 estimate represents the U.S. share for the first year of the 1990-91 biennial budget and is intended to provide funding of net requirements for the CY 1990 and prior years arrearages. The estimate is based on the program budget approved by the UN General Assembly in December 1989. The FY 1991 increase of $244,114,000 results from: (1) an increase of $24,571,000 in annual net requirements (inclusive of an assessment increase of $25,797,000, an increase of $40,000 to non-recur the loan repayment offset, a decrease of -$600,000 attributable to an increase in withholdings for PLO and SWAPO activities, a legislative withholding of -$3,500,000 for construction costs relating to the UN Conference Center in Addis Ababa, an increase of $707,000 resulting from decreased withholdings for the Law of the Sea Preparatory Commission and an increase of $2,127,000 which results from a decrease in tax equalization fund adjustment estimates); and (2) an increase of $219,543,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

For comparison purposes, the UN's 1990-91 program budget is a 12 percent nominal increase over 1988-89 appropriations and reflects negative growth in real terms.

Purpose and Benefits to the United States

The United Nations is important to the conduct of United States foreign policy because it provides both a center for diplomacy and an instrument for international cooperation in a wide range of constructive activities. It is clearly in the interest of the United States to encourage other nations to share, under the auspices of the United Nations, the responsibilities and costs of measures to deal with global problems such as peace and security, disarmament, refugees, narcotics and human rights.

A. International Peace and Security

The UN Security Council is the primary international institution responsible for the maintenance of international peace and security and resolving conflicts. As a Permanent Member, the U.S. has a strong interest in using the Security Council, whose resolutions are binding on member states, as an effective instrument. Over the years, the Council has been effective in establishing useful peacekeeping operations in the Middle East, Africa and in Cyprus, and in providing the framework for UN-supervised conciliation and mediation efforts.

More recently, the UN has been at the forefront in seeking peaceful settlements to conflicts in Afghanistan, Iran-Iraq, Namibia/Angola and the Western Sahara. UN military observer groups are already in place to observe Soviet troop withdrawal in Afghanistan. UN military observers are also in place in Iran-Iraq to monitor the cease-fire in effect pending a peaceful settlement of the seven year war.

The UN has been active in its support of U.S. efforts in seeking a negotiated settlement between South Africa and Angola/Cuba that would lead to implementation of UN Security Council 435 and the withdrawal of Cuban and other foreign troops from Angola. Such a solution would bring about Namibian independence and would also end Cuban and South African interference in Angola. UN peacekeeping operations in Namibia and Angola were activated in 1989. The UN has also sought to formulate a peace plan and organize a referendum with regard to the Moroccan/POLISARIO conflict in the Western Sahara.

B. Disarmament

The UN General Assembly is a major international forum for exchanging views and making recommendations on multilateral disarmament matters. Although the most important arms control activities for the U.S. occur in the bilateral negotiations with the Soviet Union, the UN offers a forum for us to project our views on arms control, including the vital requirement for verification.

At the 43rd UNGA, the UN adopted by consensus a resolution calling for the successful conclusion of negotiations on the prohibition of all chemical weapons, and strongly endorsed, with no negative votes, the U.S.-USSR bilateral nuclear arms negotiations.

C. Refugees

The UN High Commissioner for Refugees (UNHCR) provides international protection to refugees and seeks permanent solutions to their problems by assisting government and private organizations to facilitate voluntary repatriation of refugees or their resettlement within other countries. The administrative expenses relating to the function of the UNHCR are borne by the UN regular budget, with all other expenditures financed through voluntary contributions.

D. Narcotics

The two basic organizations, both in Vienna, dealing with drug control issues and which are funded from the UN regular budget are: (1) the Division of Narcotic Drugs (DND); and (2) the International Narcotics Control Board (INCB).

The DND serves as the secretariat for the Commission on Narcotic Drugs and is the unit charged with assisting governments, other international organizations, and non-governmental organizations in drug control activities. The Division maintains a laboratory to provide training, drug testing and research, and is the central repository for information and statistics. With U.S. support, the DNG has begun to undertake a large data collection project and has begun to strengthen its law enforcement capabilities.

The INCB consists of 13 international experts elected by ECOSOC to serve in their personal (rather than national) capacities. The Board is charged with monitoring the compliance of countries with the two key drug control conventions: the Single Convention on Narcotic Substances of 1961, and the Convention on Psychotropic Substances of 1971. The Board's annual report receives wide attention around the world and serves as a key motivating factor in relation to government compliance with the conventions.

E. Human Rights

The U.S. has sought to place a higher priority on human rights programs in the UN regular budget. The UNHCR decision to send a team to investigate the human rights situation in Cuba was a significant victory for the U.S. in steering the UN toward achieving meaningful action on human rights violations.

At the 43rd General Assembly, resolutions calling for human rights in Afghanistan and Iran were adopted by majority vote.

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO)

Vienna, Austria
(Dollars in Thousands)

1991 Increase: $16,460

Computation of Estimate	Actual FY 1989 (CY 1988)	Actual FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
Assessment Against Members Billed in US Dollars	$16,448	$16,448	$17,260
United States % Share	25%	25%	25%
U.S. Assessment in Dollars	4,112	4,112	4,315
Tax Equalization Reimbursement	--	85	85
Supplemental Assessment 1986/1987	775	--	--
Total U.S. Requirement in Dollars	4,887	4,197	4,400
Funding Shortfall in U.S. Dollars	-753	--	--
Payment Within Available U.S. Dollars	4,134	4,197	4,400
Assessment Against Members Billed in Austrian Schillings	740,469	740,469	792,145
United States % Share	25%	25%	25%
Requirement in Austrian Schillings	185,117	185,117	198,036
Funding Shortfall in Schillings	-78,133 a/	--	--
Aus. Schillings Pd. Within Avail. Funds	106,984	185,117	198,036
Approx. Exchange Rate Austrian Schillings to $1.00	12.536	13.16	13.16
U.S. Dollar Equivalent of U.S. Payment in Austrian Schillings			
Within Available U.S. Dollars	$8,534	$14,067	$15,048
U.S. Dollar Equivalent of Funding Shortfall in Schillings	5,937	--	--
Total U.S. Dollar Equivalent of Assessment in Austrian Schillings	14,471	14,067	15,048
Total Requirements	19,358	18,264	19,448
Arrears Payment	--	--	15,276
Funding Shortfall Total	-6,690	--	--
Funds Available and FY 1991 Request	12,668	18,264	34,724

a/ U.S. dollar equivalent calculated at the exchange rate of 13.16 AS to $1.00.

Explanation of Estimate

The FY 1990 estimate represents the U.S. share for the first year of the draft 1990-91 biennial budget approved in November 1989, and is intended to provide full funding of U.S. requirements for CY 1990 and prior years arrearages. The FY 1991 increase of $16,460,000 results from: (1) an increase of $1,184,000 in annual requirements (due to an assessment increase of 6.5%); and (2) an increase of $15,276,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

For comparison purposes, the UNIDO 1990-91 budget represents an increase of 6.5% over the 1988-89 biennium. This increase is primarily attributable to inflation and mandatory cost increases.

Purpose and Benefits to the United States

UNIDO was created in 1966, as an autonomous organization in the UN Secretariat, to accelerate the process of industrialization in developing countries. The U.S. supported UNIDO's conversion to a specialized agency of the UN system on January 1, 1986. Since then, UNIDO has developed a stronger partnership with the private sector of industrialized countries in promoting industrialization of less developed countries; consequently, UNIDO has assumed greater importance for the United States. UNIDO can be relied on to provide policy advice consistent with U.S. interests, such as promoting private sector, free market-oriented industrial policies, in areas of industrial development too sensitive for the U.S. to address directly. UNIDO works with the United Nations Development Program (UNDP) and is the third largest executing agency for UNDP-funded projects.

The UNIDO Investment Promotion Service (IPS) is an important element within the UN system which encourages private sector growth in developing countries. The Washington IPS annually facilitates millions of dollars of joint ventures between the private sector in the United States and enterprises in developing countries. The UNIDO Secretariat buys millions of dollars worth of U.S. goods and services annually to implement such projects..

The System of Consultations program provides information and assistance to developing countries on industrialization in specific sectors; developed country firms provide expertise to solve LDC industrialization problems and, in the process, make contacts which lead to sales, joint ventures, or other opportunities. At a joint UNIDO/ILO Consultation on training of industrial manpower, the United States had the opportunity to insure that U.S. industrial maintenance/training policies and programs were made known to the African and Eastern and Western European participants.

The Special Trust Fund Projects Section of UNIDO is dedicated to linking firms in industrialized countries with enterprises in developing countries which have a need for private sector technical assistance.

With UNIDO's assistance, the Internal Revenue Service recently granted tax-exempt status to the International Industrial Development Foundation (IIDF). The IIDF provides a tax deduction for private sector donations to industrial investment projects in developing countries, proposed to it by UNIDO or other sources.

UNIVERSAL POSTAL UNION (UPU)

Bern, Switzerland
(Amounts in Thousands)

1991 Increase: $30

Computation of Estimate	Actual FY 1989	Actual FY 1990	Estimate FY 1991
Assessment Against Members			
(in Swiss Francs)	22,192	24,390	25,224
United States % Share (approx.)	5.11%	5.11%	5.11%
United States Assessment	1,134	1,245	1,289
English Translation Service	70	70	76
Total Requirement in Swiss Francs	1,204	1,315	1,365
Approx. Exchange Rate			
Swiss Francs to $1.00	1.479	1.65	1.65
Funds Available and FY 1991 Request	$814	$797	$827

Explanation of Estimate

The U.S. assessment to UPU is paid in Swiss francs. The FY 1991 increase of $30,000 in annual requirements results from an assessment increase of 3.76% attributable to inflation and mandatory cost increases.

Purpose and Benefits to the United States

The Universal Postal Union (UPU) is the international organization through which the orderly handling of international mail is accomplished. It is an indispensable organ for coordinating the postal services of its members. One hundred and sixty-nine members adhere to the Convention; the U.S. has been a member since 1875. The Universal Postal Union Congress normally meets at 5 year intervals to review and possibly revise its convention, its regulations, and other agreements. The International Bureau is the Secretariat of the UPU and organizes and coordinates the work program of the Executive Council, the Consultative Council and the quinquennial Congress.

The Universal Postal Union sets guidelines for the fixing of international postal rates and establishes uniform rules and procedures for the exchange of international mail. It facilitates the flow of international postal communications and serves the diverse governmental, industrial, commercial, business, cultural and personal U.S. interests that provide a substantial portion of the world's international mail. It is also the medium for the cultivation of international postal relations that make possible special postal services and arrangements and the solution of international postal problems at the bilateral level.

The 20th Congress of the UPU was hosted by the U.S. Postal Service in Washington, D.C., November through December 1989.

WORLD HEALTH ORGANIZATION (WHO)

Geneva, Switzerland
(Dollars in Thousands)

1991 Increase: $33,094

Computation of Estimate	Actual FY 1989 (CY 1988)	Estimate FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
Assessment Against Members	$325,440	$311,191	$340,562
United States % Share	25%	25%	25%
United States Assessment	81,360	77,798	85,140
Tax Equalization Fund Credit	-6,610	-6,610	-6,750
Total Requirements	74,750	71,188	78,390
Tax Equalization Fund Adjustment	-115	-115	-113
Net Requirements	74,635	71,073	78,277
Arrears Payment	--	--	25,890
Funding Shortfall	-9,281	--	--
Funds Available and FY 1991 Request	65,354	71,073	104,167

Explanation of Estimate

The FY 1991 estimate represents the U.S. share for the first year of the 1990-91 biennial budget, approved in May 1989, and is intended to provide full funding of U.S. requirements for the CY 1990 and prior years arrearages. The FY 1991 increase of $33,094,000 results from: (1) an increase of $7,204,000 in annual net requirements (inclusive of an assessment increase of $7,342,000, a decrease of -$140,000 resulting from an increased tax equalization fund credit, and an increase of $2,000 resulting from a decrease in tax equalization fund adjustment estimates); and (2) an increase of $25,890,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

For comparison purposes, WHO's 1990-91 effective working budget is a 7.35 percent increase over the 1988-89 effective working budget. This increase is attributable to mandatory cost increases and inflation. The budget provides for negative real growth of -0.37 percent.

Purpose and Benefits to the United States

The objective of the World Health Organization (WHO) since its formation in 1948 has been to obtain for all people the highest possible level of health. Its programs and priorities conform to and promote United States objectives in the field of international health and provide significant benefits for the United States.

WHO is receiving prominence in coordinating the international effort to deal with AIDS. This includes collection of data on the incidence of the disease and of infection with the human immunodeficiency virus (HIV), assistance in blood screening and testing, public education activities, health care for victims, and research into the potential vaccines and cures for the disease. The U.S. Government strongly supports the WHO role in this effort.

The U.S. Government also strongly supports WHO's basic work in the development of primary care health systems that can make preventive techniques and basic health care available to the rural and urban poor. The primary health care concept is the centerpiece of WHO's effort to achieve its goals of "Health for All by the Year 2000," and includes a community based framework of programs involving basic sanitation, safe water, nutrition, safe food storage, and immunization. WHO also is working with member governments on improvement of maternal and child health services.

WHO has extensive activity in helping governments eradicate or control contagious diseases which threaten human life and which know no national boundaries. The WHO smallpox campaign was a dramatic success. The expanded program on immunization aims at making available by 1990, for all children of the world, protection against the six major child diseases--diphtheria, whooping cough, measles, tetanus, tuberculosis and polio. The World Health Assembly has set a goal of eradicating polio by the year 2000. WHO also is placing great emphasis on controlling malaria, a disease which has reasserted itself in alarming numbers of cases in several areas of the world. In cooperation with U.S.A.I.D. and other agencies WHO is on the verge of developing a vaccine against malaria, which should have revolutionary implications for health.

U.S. participation in WHO--in addition to its financial contributions--includes consultations with WHO officials, the exchange of health and scientific data, the loan of health experts, participation in seminars and expert advisory committees, collaboration in research, and a variety of other cooperative measures that have substantial benefit for U.S. health programs. American citizens hold the senior position in several key programs. The U.S. has a significant voice in the policies and programs of the Organization through participation in WHO's 31-member Executive Board and its 12-member Program Committee. The U.S. also benefits from WHO programs that set international standards, collect vital health statistics, exchange information, serve to protect U.S. travelers in other countries through knowledge of foreign health conditions, and expand opportunities for important medical research by U.S. health scientists.

WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

Geneva, Switzerland
(Amounts in Thousands)

1991 Increase: $481

Summary of Estimates	Actual FY 1989 (CY 1988)	Actual FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
1. Paris Union	$388	$352	$510
2. Nice Union	35	32	45
3. Strasbourg Union	195	176	240
4. Patent Cooperation Treaty	--	--	34
5. Berne Convention on the Protection of Literacy and Artistic Works	--	--	212
6. Tax Equalization Reimbursement	--	50	50
Funds Available and FY 1991 Request	618	610	1,091

Purpose and Benefits to the U.S.

The World Intellectual Property Organization (WIPO) is responsible for the promotion of the protection of intellectual property throughout the world through cooperation among States, and for the administration of various "Unions," each founded on a multilateral treaty and dealing with the specific legal and administrative aspects of intellectual property.

Intellectual property comprises two main branches: industrial property, chiefly in inventions, trademarks, designs, and appellations of origin, and copyright, chiefly in literary, musical, artistic, photographic and cinematographic works.

The present membership of WIPO and the 17 Unions is 117 States, although membership in any single Union may be considerably smaller. The Secretariat is not a distinct item in our budget request for WIPO. It is included in the request for the Unions established under the Conventions to which the United States adheres.

The U.S. currently pays assessments in four conventions which protect, or facilitate the protection of, inventions, trademarks, and other forms of intellectual property for which WIPO is the Secretariat. The U.S., as a prime source of intellectual property, is a major beneficiary of the protections offered through the Unions throughout the world.

The WIPO Secretariat functions include preparation for meetings of the WIPO member countries and of the various Unions for which WIPO is the Secretariat, promotion of increased international cooperation among members in the intellectual property field, collection and dissemination of information of all kinds relating to intellectual property, function as depository of most of the Conventions for which WIPO is the Secretariat, and administration of the central filing system for patents under the Patent Cooperation Treaty.

(1) Paris Union for the Protection of Industrial Property
(Amounts in Thousands)

1991 Increase: $158

Computation of Estimate	Actual FY 1989 (CY 1988)	Actual FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
Assessment Against Members (in Swiss Francs)	12,025	12,025	12,505
United States % Share	4.81%	4.82%	4.84%
United States Assessment	579	580	605
Working Capital Fund	--	--	20
Total Requirements in Swiss Francs	579	580	625
Approx. Exchange Rate Swiss Francs to $1.00	1.4930	1.65	1.65
Payment Within Available U.S. Dollars	$388	$352	$379
Arrears Payment	--	--	131
Funds Available and FY 1991 Request	388	352	510

Explanation of Estimate

The U.S. assessment to the Paris Union of WIPO is paid in Swiss francs. The FY 1991 request represents the U.S. share for the first year of the 1990-91 biennial budget and is intended to meet U.S. requirements for the CY 1990 and prior years arrearages. The FY 1991 increase of $158,000 results from: (1) an increase of $27,000 in annual requirements (inclusive of an assessment increase of $15,000 and an increase of $12,000 for the U.S. contribution to the working capital fund); and (2) an increase of $131,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

For comparison purposes, the Paris Union's 1990-91 biennial budget represents an increase of $1,629,090 over the 88-89 biennium. The budget contains zero real growth and the increase, 4 percent, is a result of inflation and mandatory cost increases.

Purpose and Benefits to the United States

The Paris Convention of 1883, which established the International Union for the Protection of Industrial Property, is the principal worldwide agreement in this field. The Convention applies to industrial property in the widest sense, including not only inventions, trademarks, service marks and industrial designs, but also utility models (a kind of "small patent" found in a few countries), trade names (designations under which an industrial or commercial activity is carried on), indications of source, appellations of origin, and the repression of unfair competition.

The substantive provisions of the Convention fall into three main categories: national treatment, right of priority, common rules. Under the provisions on national treatment or assimilation, the Convention provides that, as regards the protection of industrial property, each contracting State must grant the same protection to nationals of the other contracting States as it grants to its own nationals. Nationals of non-contracting States are also protected by the Convention if they are domiciled or have a real and effective industrial or commercial establishment in a contracting State.

This provision and others guarantee not only that foreigners will be protected but also that they will not be discriminated against in any way. This and other provisions of the Convention assure that U.S. inventors and exporters receive at least minimum protection for their patented inventions and trademarks in the 98 other member states.

(2) Nice Union on the International Classification for Registering Trademarks
(Amounts in Thousands)

1991 Increase: $13

Computation of Estimate	Actual FY 1989 (CY 1988)	Actual FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
Assessment Against Members (in Swiss Francs)	704	704	733
United States % Share	7.42%	7.46%	7.46%
United States Assessment	52	53	55
Approx. Exchange Rate Swiss Francs to $1.00	1.4930	1.65	1.65
Payment Within Available U.S. Dollars	$35	$32	$33
Arrears Payment	--	--	12
Funds Available and FY 1991 Request	35	32	45

Explanation of Estimate

The U.S. assessment to the Nice Union of WIPO is paid in Swiss francs. The FY 1991 request represents the U.S. share for the first year of the 1990-91 biennial budget and is intended to meet U.S. requirements for CY 1990 and prior years arrearages. The FY 1991 increase of $13,000 results from: (1) an increase of $1,000 in annual requirements (due to an assessment increase); and (2) an increase of $12,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

For comparison purposes, the Nice Union's 1990-91 biennial budget represents an increase of $26,667 over the 1988-89 biennium. The budget contains zero real growth and the increase, 4.1 percent, is a result of inflation and mandatory cost increases.

Purpose and Benefits to the United States

The Nice Agreement provides for the classification of goods and services for the purpose of registering trademarks and service marks. The International Trademark Classification consists of 34 listed classes for goods and 8 for services with a comprehensive manual in alphabetical listing. It is the primary trademark classification used in the United States Patent and Trademark Office. The Class listings (some 20,000 items) may be amended and supplemented by a Committee of Experts on which each contracting country has one member.

(3) Strasbourg Union Concerning the International Patent Classification
(Amounts in Thousands)

1991 Increase: $64

Computation of Estimate	Actual FY 1989 (CY 1988)	Estimate FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
Assessment Against Members (in Swiss Francs)	3,864	3,864	4,023
United States % Share	7.19%	7.19%	7.20%
United States Assessment	278	278	290
Working Capital Fund	12	12	--
Total Requirements in Swiss Francs	290	290	290
Approx. Exchange Rate Swiss Francs to $1.00	1.49	1.65	1.65
Payment Within Available U.S. Dollars	$195	$176	$176
Arrears Payment	--	--	64
Funds Available and FY 1991 Request	195	176	240

Explanation of Estimate

The U.S. assessment to the Strasbourg Union of WIPO is paid in Swiss francs. The FY 1991 request represents the U.S. share for the first year of the 1990-91 biennial budget and is intended to meet U.S. requirements for CY 1990 and prior years arrearages. The FY 1991 increase of $64,000 results from: (1) an assessment increase of $8,000 offset by a decrease of -$8,000 to non-recur our FY 1990 contribution to the working capital fund; and (2) an increase of $64,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

For comparison purposes, the Strasbourg Union's 1990-91 biennial budget represents an increase of $181,818 over the 1988-89 biennium. The budget contains zero real growth and the increase, 4.1 percent, over the previous budget is a result of inflation and mandatory cost increases.

Purpose and Benefits to the U.S.

The Strasbourg Agreement of 1971 provides for the development of a system of international patent classifications applicable to classes of items different from those dealt with by the Locarno Union (op. cit.). The classification system developed and approved by the members of this organization is now used as a secondary classification system for all appropriate registered patents, by the U.S. Patent and Trademark Office.

The Agreement facilitates inclusion of large numbers of foreign patents into the search files of the United States Patent and Trademark Office and expedites processing of patent documents among examining patent offices of the various countries involved in multilateral projects such as the Patent Cooperation Treaty. It is of material assistance in the implementation of United States patent protection.

(4) Patent Cooperation Treaty Union (PCT)
(Amounts in Thousands)

1991 Increase: $34

Computation of Estimate	Actual FY 1989 (CY 1988)	Estimate FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
Working Capital Fund (in Swiss Francs)	--	--	--
Approx. Exchange Rate Swiss Francs to $1.00	1.38	1.65	1.65
Payment Within Available U.S. Dollars	$--	$--	$--
Arrears Payment	--	--	34
Funds Available and FY 1991 Request	--	--	34

Explanation of Estimate

The FY 1991 increase of $34,000 is intended to meet prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The Patent Cooperation Treaty reduces the duplication of effort involved, both for applicants and national patent offices, in the filing and processing of patent applications for the same invention in different countries. Advantages derived from participation in the Patent Cooperation Treaty include simplification of filing of patent applications in other countries hrough the use of a standardized format; a larger allowance of time for an applicant to decide upon those countries in which he wishes to obtain patent protection, thereby deferring the time limit for furnishing translations and paying fees in those countries; and facilitation of the examining process in member countries which examine applications for patents. The Patent Cooperation Treaty entered into force for the United States in 1978.

(5) Berne Convention on the Protection of Literacy and Artistic Works
(Amounts in Thousands)

1991 Increase: $212

Computation of Estimate	Actual FY 1989 (CY 1988)	Estimate FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
Assessment Against Members (in Swiss Francs)	--	6,815	5,935
United States % Share	--	5.88%	5.88%
United States Assessment	--	401	349
Approx. Exchange Rate Swiss Francs to $1.00	--	1.48	1.65
Payment Within Available U.S. Dollars	$--	$271	$212
Paid from the ICC Appropriation	--	-271	--
Funds Available and FY 1991 Request	--	--	212

Explanation of Estimate

The FY 1991 request represents the U.S. share of the assessment budget for the Berne Convention on the Protection of Literacy and Artistic Works for the first year of the 1990-91 biennial budget, and is intended to meet U.S. requirements for CY 1990. The FY 1991 increase of $212,000 results from: (1) an assessment decrease of -$59,000; and (2) an increase of $271,000 above the FY 1990 request resulting from the transfer of estimates for the organization from the ICC appropriation.

For comparison purposes, the Union's 1990-91 biennial budget represents an increase of $580,000 over the 1988-89 biennium. The budget contains zero real growth and the increase, 7.5 percent, over the previous budget is a result of inflation and mandatory cost increases.

Purpose and Benefits to the U.S.

Adherence to the Berne Convention enables U.S. trade and intellectual property officials to negotiate from a stronger base when seeking to address trade problems involving intellectual property and when representing the U.S. in international copyright meetings. It will put private sector business representatives on an equal footing with their equivalents from our major trading partners who are members of the Berne Convention, as well as the UCC. Our full participation in the governing body of the Berne Convention, the Berne Executive Committee, will put us in a better position to deal effectively with the demands of developing countries related to new high technology issues. Also, United States membership in the Berne Union will serve to encourage newly industrialized and developing nations to adhere to Berne and conform their laws to the high standards of the Berne Convention.

(6) Tax Equalization Reimbursement

(Amounts in Thousands)

1991 Increase: $--

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Tax Equalization Reimbursement	$--	$50	$50

Explanation of Estimate

The FY 1991 request remains the same as FY 1990. Therefore there is no increase between the two years.

WORLD METEOROLOGICAL ORGANIZATION (WMO)

Geneva, Switzerland
(Amounts in Thousands)

1991 Increase: $2,550

Computation of Estimate	Actual FY 1989 (CY 1988)	Estimate FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
Assessment Against Members			
(in Swiss Francs)	41,064	41,064	43,936
United States % Share	24.64%	24.64%	24.65%
United States Assessment	10,118	10,118	10,830
Supplemental Assessment (by WMO)	1,837	--	--
Total Requirements	11,955	10,118	10,830
Funding Shortfall in Swiss Francs	-2,600	--	--
Payment Within Available Swiss Francs	9,355	10,118	10,830
Approx. Exchange Rate			
Swiss Francs to $1.00	1.5427	1.6460	1.65
U.S. Dollar Equivalent of U.S.			
Payment in Swiss Francs	$6,064	$6,147	$6,564
Tax Equalization Reimbursement (est.)	30	15	10
U.S. Dollar Equivalent of			
Shortfall in Francs	1,576	--	--
Total Requirements	7,670	6,162	6,574
Arrears Payment	--	--	2,138
Funding Shortfall	-1,576	--	--
Funds Available and FY 1991 Request	6,094	6,162	8,712

Explanation of Estimate

The FY 1991 estimate represents the first year of the 1990-91 biennial budget approved by the WMO Congress in June 1987 and is intended to provide full funding of U.S. requirements for CY 1990 and prior years arrearages. The FY 1991 increase of $2,550,000 results from: (1) an increase of $412,000 in annual requirements (inclusive of an assessment increase of $432,000 and a decrease of -$20,000 in tax equalization reimbursement estimates); and (2) an increase of $2,138,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

For comparison purposes, increases in the 1990-91 biennial budget above the 1988-89 biennial budget are attributable to inflation, staff cost increases and exchange rate fluctuation.

Purpose and Benefits to the United States

Through its coordinated network of stations, telecommunication systems and forecasting centers the WMO supplies important information to the U.S. National Weather Service for use in the development of weather forecasts and warnings.

These forecasts and warnings are based on weather information obtained by WMO from all areas of the world. Their degree of accuracy is dependent on the quality of the information obtained. All nations have the same basic requirements for reliable weather forecasts and timely weather warnings. However, developed nations, such as the United States, have additional requirements because of the complexity of their economic and social activities and their worldwide involvement. The development of a cooperative, worldwide effort to obtain and communicate necessary meteorological information is a basic objective of the WMO, and is strongly encouraged by the United States.

Present international weather observation, communication and data processing facilities are incomplete, particularly for United States needs, and the WMO is operating and improving a carefully designed system, the World Weather Watch, to reduce these inadequacies. WMO also has major responsibilities with respect to weather modification, long-range climate studies, hydrology and environmental monitoring, and the problem of the impact of weather on agriculture and environmental degradation. All these activities are of vital importance to this country.

In FY 1990, the WMO Secretariat will continue to work with members to complete a worldwide network of meteorological observatories, meteorological centers, and the communications systems needed to support the international meteorological community. Substantial attention also will be focused on the recently established Intergovernmental Panel on Climate Change (IPCC).

Justification of Program Activities

Inter-American Organizations

(Dollars in Thousands)

	1990 Current Estimate	1991 Request	Increase or Decrease (-)
Inter-American Indian Institute	$104	$112	$8
Inter-American Institute for Cooperation on Agriculture	14,243	20,283	6,040
Organization of American States	49,899	84,683	34,784
Pan American Health Organization	39,204	52,590	13,386
Pan American Institute of Geography and History	347	402	55
Pan American Railway Congress Association	25	26	1
Funds Available and FY 1991 Request	103,822	158,096	54,274

Goals and Objectives

The Inter-American Organizations serve U.S. interests primarily as a system for continuing successful regional methods for handling hemispheric problems without interference from outside powers or extraneous issues. These organizations settle disputes peacefully, further human rights, and promote cooperation in development assistance in agriculture, technology, science, education, health, and transportation.

Base Program

The Inter-American system is the oldest and most proven regional grouping in the world. The cornerstone is the Organization of American States (OAS), the political component which, through the years, has contributed to the security of member countries and resolved political problems among them as well as providing a useful forum on economic and other issues. The OAS also has major technical assistance programs funded primarily from voluntary contributions by the member states. The Inter-American Commission on Human Rights and the Inter-American Court on Human Rights have been active and successful in promoting human rights observance. The Pan American Health Organization (PAHO), the regional arm of the World Health Organization, continues to eradicate endemic diseases and generally raise health standards in the hemisphere. Programs of the Inter-American Institute for Cooperation on Agriculture (IICA) raise food production, improve animal and plant health, food processing and distribution. The Pan American Institute of Geography and History (PAIGH) carries out valuable cartographic, geophysic, and oceanographic work of major utility to the U.S. Geological Survey, the Defense Mapping Agency, and the National Ocean Survey. The Inter-American Indian Institute (IAII) serves as a mechanism for collaboration in the promotion of the rights and development of indigenous Indian populations.

INTER-AMERICAN INDIAN INSTITUTE (IAII)

Mexico City, Mexico
(Dollars in Thousands)

1991 Increase: $8

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members	$163	$163	$171
United States % Share	63.54%	63.54%	63.54%
U.S. Assessment	104	104	109
Arrears Payment	--	--	3
Funds Available and FY 1991 Request	104	104	112

Explanation of Estimate

The FY 1991 increase of $8,000 results from: (1) an increase of $5,000 in annual requirements (due to an assessment increase, attributable to inflation); and (2) an increase of $3,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The Inter-American Indian Institute (IAII) is a specialized organization of the Organization of American States (OAS). It assists member governments in their efforts to develop national policies on Indian affairs through the exchange of publications and information, and by the organization of training activities designed to improve the well-being of the Indian population in the Western Hemisphere. It holds seminars, studies the migration patterns, encourages handicrafts, and promotes community development projects among isolated tribes. United States support demonstrates solidarity with the Andean and Central American countries with large Indian populations and provides for U.S. access to these same populations in common efforts to overcome the hardships of their marginal situation.

INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)

San Jose, Costa Rica
(Dollars in Thousands)

1991 Increase: $6,040

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members	$22,380	$23,051	$23,742
United States % Share	61.64%	61.64%	61.64%
United States Assessment	13,794	14,208	14,635
Tax Equalization Reimbursement (est.)	234	106	168
Total Calendar Year Requirement	14,028	14,314	14,803
Calendar Year 1988 Deferral	3,314	--	--
Calendar Year 1989 Deferral	-3,507	3,507	--
Calendar Year 1990 Deferral	--	-3,578	3,578
Calendar Year 1991 Deferral	--	--	-3,700
Total Fiscal Year Requirement	13,835	14,243	14,681
Arrears Payment	--	--	5,602
Funding Shortfall	-2,979	--	--
Funds Available and FY 1991 Request	10,856	14,243	20,283

Explanation of Estimate

The FY 1991 request is intended to provide funding of U.S. requirements for the last quarter of calendar year 1990 ($3,578,000), the first three quarters of calendar year 1991 ($11,103,000), and prior years arrearages ($5,602,000). The FY 1991 increase of $6,040,000 results from: (1) an increase of $438,000 in annual requirements (inclusive of an assessment increase of $426,000, attributable to inflation, an increase of $62,000 in tax equalization reimbursement estimates, and a net change of -$51,000 in the deferral); and (2) an increase of $5,602,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The purpose of the Institute is to "encourage and advance the development of agriculture sciences (within the member states)...through research, teaching, and extension activities in the theory and practice of agriculture and related arts and sciences." The Institute provides an inter-American framework to deal with complex and politically sensitive problems such as rural development in addition to food production programs.

In recent years, the program emphasis has been shifting to include, in addition to agricultural research, regional and national extension activities designed to promote national agricultural development in the member states.

Institute programs contribute to better food production and, consequently, balanced economic development in Latin America. The Institute's activities have the effect of promoting self-help among the Latin American countries in the field of food production, which is an overriding concern of U.S. foreign policy.

ORGANIZATION OF AMERICAN STATES (OAS)

Washington, D.C. - United States
(Dollars in Thousands)

1991 Increase: $34,784

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members	$60,771	$60,060	$61,051
United States % Share	66.00%	66.00%	66.00%
United States Assessment	40,076	39,640	40,294
Tax Equalization Reimbursement	6,400	11,400	4,500
Total Calendar Year Requirement	46,476	51,040	44,794
Calendar Year 1988 Deferral	11,269	--	
Calendar Year 1989 Deferral	-11,619	11,619	
Calendar Year 1990 Deferral	--	-12,760	12,760
Calendar Year 1991 Deferral	--	--	-11,198
Total Fiscal Year Requirement	46,126	49,899	46,356
Arrears Payment	--	--	38,327
Funding Shortfall	-13,158	--	--
Funds Available and FY 1991 Request	32,968	49,899	84,683

Explanation of Estimate

The FY 1991 request is intended to provide funding of U.S. requirements for the last quarter of calendar year 1990 ($12,760,000), the first three quarters of calendar year 1991 ($33,596,000), and prior years arrearages ($38,327,000). The FY 1991 increase of $34,784,000 results from: (1) a decrease of -$3,543,000 in annual requirements (inclusive of an assessment increase of $654,000, a decrease of -$6,900,000 in tax reimbursement estimates attributable to the 30% cut in personnel in early 1989, and a net change of $2,703,000 in the deferral); and (2) an increase of $38,327,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

Peacekeeping and security (Rio Treaty) are the core activities of the OAS. Its contribution in the fields of international law, juridical cooperation, legal development, and facilitation of trade have been substantial and have enabled member countries to conclude - and observe - a host of regional treaties concluded since 1889 under the auspices of the OAS and its predecessor organization, the Pan American Union. In recent years, the OAS has helped strengthen democratic trends in the hemisphere through its presence with election observers in Guatemala, El Salvador, the Dominican Republic, and Nicaragua (1989-90), and endorsement of democratic governments in Argentina, Guatemala and Haiti.

Promotion of human rights - a cornerstone of a functioning democracy - has been greatly strengthened in the hemisphere through the work and reports of the Inter-American Human Rights Commission. This is a priority activity and the OAS has dedicated increasing funds to the Commission enabling it to conduct more field investigations and report on human rights abuses.

These reports have greatly enhanced U.S. efforts to buttress democratic forces in El Salvador, and to promote respect for human rights in Argentina, Guatemala, and Chile, as well as highlighting non-observance in Nicaragua and Cuba.

In response to the Secretary's urging in 1986 that "the OAS play an active role in combatting narcotics trafficking," the Organization approved a comprehensive hemisphere-wide program beginning in 1987 funded by savings in other areas. The OAS again illustrated its receptiveness to U.S. policy guidelines and its ability to adjust priorities to meet current needs. The U.S. is exerting more influence in the Organization which, in turn, has demonstrated a capacity to make increasingly more effective use of scarce resources.

The U.S. has used the OAS as a highly effective forum to attenuate the political fallout of trade issues and other economic questions, e.g. stockpile sales, trade legislation, etc. Representatives of the Departments of Treasury, Commerce and the U.S. Trade Representative have taken part in OAS meetings to clarify U.S. policies, answer questions, and defend U.S. actions. This dialogue with OAS member countries has permitted the U.S. to dampen the frictions and tensions arising from U.S. trade and economic policy actions, thereby avoiding to a large extent a spillover into the political area.

OAS programs of technical assistance have spurred significant progress towards economic development. The Organization has continued and expanded these programs first begun under U.S. leadership of the Alliance for Progress in the sixties. Over time, the more developed members--Argentina, Brazil, Mexico, and Venezuela--graduated from recipients of assistance into participants with the U.S. in providing help to the less developed OAS members. This "graduation" is consonant with the U.S. policy goal that countries which have made substantial economic gains share in the burden of multilateral assistance. Where most training and education was once carried out exclusively in the U.S., today other countries are now providing similar training, usually at less cost.

Earlier programs in tax and customs revenue improvements, planning, teacher education, basic science, and energy have given way to more up-to-date programs to meet new needs: marine resource development, distance education, trade and marketing, tourism, etc. Inter-American centers specializing in designated areas, e.g. Capital Markets Formation (Venezuela), have been set up with additional financial backing from host countries and provide training, seminars, and extension services to nationals and subsidized students and technicians from other countries. Some funds within the regular OAS budget are used to support these development assistance activities which have generated a four-fold increase in local counterpart or non-member country contributions.

PAN AMERICAN HEALTH ORGANIZATION (PAHO)

Washington, D.C. - United States
(Dollars in Thousands)

1991 Increase: $13,386

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members	$67,003	$70,150	$70,150
United States % Share	61.29%	61.29%	61.29%
United States Assessment	41,066	42,995	42,995
Tax Equalization Fund Credit	-2,904	-3,273	-3,273
Total Calendar Year Requirement	38,162	39,722	39,722
Calendar Year 1988 Deferral	9,540	--	--
Calendar Year 1989 Deferral	-9,540	9,540	--
Calendar Year 1990 Deferral	--	-9,888	9,888
Calendar Year 1991 Deferral	--	--	-9,888
Total Fiscal Year Requirement	38,162	39,374	39,722
Tax Equalization Fund Adjustment	-450	-170	-170
Net Total Fiscal Year Requirement	37,712	39,204	39,552
Arrears Payment	--	--	13,038
Funding Shortfall	-5,653	--	--
Funds Available and FY 1991 Request	32,059	39,204	52,590

Explanation of Estimate

The FY 1991 estimate represents the U.S. share for the second year of the 1990-91 biennial budget and is intended to provide funding of U.S. requirements for the last quarter of calendar year 1990 ($9,888,000), the first three quarters of calendar year 1991 ($29,664,000); and prior years arrearages ($13,038,000). The FY 1991 increase of $13,386,000 results from: (1) an increase of $348,000 in annual requirements (due to an increase in the deferral between the calendar years 1990 and 1991); and (2) an increase of $13,038,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

For comparison purposes, PAHO's effective working budget for the 1990-91 biennium represents a 7.3% increase over the effective working budget for the 1988-89 biennium due to mandatory cost increases and inflation.

Purpose and Benefits to the United States

PAHO is a specialized agency of the Organization of American States. Its secretariat, the Pan American Sanitary Bureau, also serves as the regional office for the Americas of the World Health Organization (WHO).

The basic purpose of PAHO is to promote and coordinate efforts of the countries of the Western Hemisphere to combat disease, lengthen life and promote the physical and mental health of the people. U.S. interests in the organization closely parallel our interests in WHO. PAHO programs promote the two-way exchange of vital information on health procedures, expand opportunities for research by U.S. scientists, and complement U.S. international health policy.

PAHO promotes primary health care in rural and urban areas, supports efforts to deal with AIDS, provides support for malaria control, fosters childhood immunizations, addresses drug abuse and alcoholism problems, and fosters programs to improve maternal and child health. PAHO's work in strengthening and coordinating epidemiological surveillance programs helps combat them before they spread.

PAN AMERICAN INSTITUTE OF GEOGRAPHY AND HISTORY (PAIGH)

Mexico City, Mexico
(Dollars in Thousands)

1991 Increase: $55

Computation of Estimate	Actual 1989	Estimate 1990	Estimate 1991
Assessment Against Members	$552	$569	$596
United States % Share	61.59%	60.98%	60.68%
U.S. Assessment	340	347	362
Arrears Payment	--	--	40
Funds Available and FY 1991 Request	340	347	402

Explanation of Estimate

The FY 1991 increase of $55,000 results from: (1) an increase of $15,000 in annual requirements (due to an assessment increase of 4.3% attributable to inflation); and (2) an increase of $40,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The Pan American Institute of Geography and History (PAIGH), a specialized organization of the OAS, promotes, coordinates and carries out scientific and historical research and transmits the results to government agencies and scientific groups in member countries.

In the United States, the National Aeronautics and Space Administration, the National Oceanic and Atmospheric Administration, the National Ocean Survey, the Geological Survey, the Bureau of the Census, the Defense Mapping Agency, and the Inter-American Geodetic Survey, as well as numerous private groups and universities have participated in the activities of the Institute.

Through participation in PAIGH, the United States receives scientific and technical data that is otherwise unavailable. This data helps solve problems in such diverse fields as transportation, national defense, agriculture, and telecommunications.

PAN AMERICAN RAILWAY CONGRESS ASSOCIATION (PARCA)

Buenos Aires, Argentina
(Dollars in Thousands)

1991 Increase: $1

Computation of Estimate	Actual 1989	Estimate 1990	Estimate 1991
Assessment Against Members	$96	$96	$96
United States % Share	26.15%	26.15%	26.15%
U.S. Assessment	25	25	25
Arrears Payment	--	--	1
Funds Available and FY 1991 Request	25	25	26

Explanation of Estimate

The FY 1991 increase of $1,000 results from a request for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The objective of the Pan American Railway Congress Association (PARCA) is promotion of the development of railroads in the Western Hemisphere through the exchange of technical information and standardization of railway procedures and equipment whenever possible. PARCA includes representatives from government and private industry; as such, it is unique among organizations of the Inter-American system. The Association promotes contacts between both state-run and private railroads from North and South America through the publication of its Spanish-language magazine, The Bulletin, and through its Congresses. It has enabled sales of approximately $30,000,000 for U.S. equipment during the past five years.

Justification of Program Activities

Regional Organizations

(Dollars in Thousands)

	1990 Current Estimate	1991 Request	Increase or Decrease (-)
Colombo Plan Council for Technical Cooperation	$11	$12	$1
North Atlantic Assembly	928	739	-189
North Atlantic Treaty Organization	27,233	33,197	5,964
Organization for Economic Cooperation and Development	33,898	36,748	2,850
South Pacific Commission	841	1,303	462
Funds Available and FY 1991 Request	$62,911	$71,999	$9,088

Goals and Objectives

The goal of U.S. participation in these regional organizations is to foster U.S. security and economic interests. The organizations provide us with an effective means to address our specific national interests in certain geographic areas of the world and to strengthen our alliances in these areas.

Base Program

The South Pacific Commission, Colombo Plan Council for Technical Cooperation, and the Organization for Economic Cooperation and Development, strive to promote economic health and social development in geographic areas of high interest to the U.S. The North Atlantic Treaty Organization (NATO) is central to our national security. It allows us direct involvement in the scientific and technological development of our Western European Allies and provides a consolidated defense against possible Soviet aggression. The North Atlantic Assembly, an adjunct to NATO, enables our legislators to consult with representatives of the national legislative bodies of other NATO states. U.S. participation in these organizations allows us to participate early in the decision making process on key defense, economic and social issues. These organizations are important instruments for the preservation of the U.S. alliance system and the protection of vital U.S. interests.

COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION (CPCTC)

Colombo, Sri Lanka
(Amounts in Thousands)

1991 Increase: $1

Computation of Estimate	Actual 1989	Estimate 1990	Estimate 1991
Assessment Against Members	$263	$264	$276
United States % Share	4.17%	4.17%	4.17%
Funds Available and FY 1991 Request	11	11	12

Explanation of Estimate

The FY 1991 estimate represents an increase of $1,000 (4.5%) attributable to increased airfare to Sri Lanka plus inflation in Sri Lanka.

Purpose and Benefits to the United States

The Colombo Plan Council assists in the economic development of Asia through: (1) exchange of views on problems of technical assistance in the area; and (2) collection of information on technical assistance programs undertaken by its members on a bilateral basis in Asia and the Pacific. The Council does not formulate or administer technical assistance programs. The United States participates in the Council to represent its interest in the Council's deliberations and recommendations.

NORTH ATLANTIC ASSEMBLY (NAA)

Brussels, Belgium
(Amounts in Thousands)

1991 Decrease: -$189

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Belgian Francs)	94,151	93,009	123,951
United States % Share	23.35%	23.35%	23.35%
United States Assessment	21,984	21,717	28,943
Special Assessment approved for the Purchase of an Office Building	--	14,594	--
Total U.S. Requirement	21,984	36,311	28,943
Approx. Exchange Rate Belgian Francs to $1.00	38.37	39.14	39.14
Funds Available and FY 1991 Request	$573	$928	$739

Explanation of Estimate

The U.S. assessment to the NAA is paid in Belgian francs. The FY 1991 decrease of -$189,000 in annual requirements results from an assessment increase of $184,000, due to inflation, offset by a decrease of -$373,000 to non-recur the FY 1990 special assessment approved for the purchase of an office building.

Purpose and Benefits to the United States

The North Atlantic Assembly (The Interparliamentary Organization of the Atlantic Alliance) was organized for the purpose of discussing common problems to maintaining peace and security in the North Atlantic area. At its annual meetings, the organization makes recommendations to the North Atlantic Council on various matters, and promotes closer contact between individual legislators of NATO countries. These meetings stimulate better understanding and increased public support for NATO, thereby enhancing unity within the Atlantic Community. These contacts will take on increasing importance as the U.S. Congress grapples with defense issues, including budgetary questions, which affect the national security interests of the United States.

NORTH ATLANTIC TREATY ORGANIZATION (NATO)

Brussels, Belgium
(Amounts in Thousands)

1991 Increase: $5,964

Itemization of Estimates	Actual 1989	Estimate 1990	Estimate 1991
1. Cash Contribution (est.)	$26,598	$23,097	$29,046
2. Conventional Force Reduction Europe (CFE) (est.) 1/	207	286	301
3. Direct Cost of U.S. Government Employees on Loan to NATO (est.)	2,840	3,850	3,850
Funds Available and FY 1991 Request	29,645	27,233	33,197

1/ Beginning in January 1989, the CFE replaced the Mutual Balanced Force Reduction (MBFR).

(1) Cash Contributions

(Amounts in Thousands)

1991 Increase: $5,949

Computation of Estimate	Actual 1989	Estimate 1990	Estimate 1991
Assessment Against Members (in Belgian Francs) a/	3,802,715	4,627,134	5,193,025
United States % Share	23.35%	23.35%	23.35%
United States Assessment	887,934	1,080,436	1,212,571
Less: Credit for U.S. Government Employees on Loan to NATO	--	-184,235	-84,000
U.S. Payment in Belgian Francs	887,934	896,201	1,128,571
Approx. Exchange Rate Belgian Francs to $1.00	33.6364	39.14	39.14
Payment Within Available U.S. Dollars	$26,398	$22,897	$28,834
Tax Equalization Reimbursement	200	200	212
Funds Available and FY 1991 Request	26,598	23,097	29,046

a/ These figures reflect only that portion of NATO's civil budget for which the U.S. has an assessed share paid out of the CIO appropriation.

Explanation of Estimate

The U.S. assessment for NATO is paid in Belgian francs. The FY 1991 increase of $5,949,000 in annual requirements results from an assessment increase of $3,376,000 (4.5%) attributable to inflation, salary increases and pension costs, an increase of $12,000 in tax reimbursement estimates, and an increase of $2,561,000 resulting from a decrease in the credit for U.S. Government employees on loan to NATO.

Purpose and Benefits to the United States

Since its inception, the Atlantic Alliance has addressed the goals set forth in the North Atlantic Treaty, signed in Washington on April 4, 1949. These goals include safeguarding and strengthening fundamental freedoms, collective defense, promoting stability and well-being in the North Atlantic area, and preserving peace and security. The Allies periodically reaffirm, in explicit terms, most recently at the May 1989 NATO Summit, their attachment to these fundamental aims of the Alliance, which underlie a wide range of Alliance activities and programs.

The North Atlantic Treaty Organization was formed in response to serious challenges to the fundamental freedoms, stability, well-being, peace and security of the North Atlantic area in the aftermath of World War II. For forty years, it has proved remarkably successful in meeting those challenges. To this day, the Alliance, reflecting the common will of its sixteen members, serves as a keystone for achieving policies directed at the accomplishment of goals commonly held by its members.

During the March 1988 NATO Summit, heads of government of the sixteen members of the Alliance reaffirmed these common ideals and purposes, re-dedicated themselves to the principles and provisions of the Washington Treaty, and reasserted the vital importance of the Alliance for the security of the member countries and the validity of their shared strategy for peace. The recently concluded May 1989 summit built on these ideals and principles and expanded Alliance policy in several areas. Heads of state and government called for a deeper and more meaningful Atlantic partnership, in which the Allies will join together to meet common challenges. They reaffirmed the foundation of strong defense, called upon all Allies to bear a fair share of the defense burden, and committed themselves to avoid erecting barriers which could hinder cooperation.

Within this context, NATO developments and activities which have had particular significance and benefit for the United States include the following:

A. The Alliance continues its efforts also to achieve stability with respect to conventional forces in Europe, a stability based on deterrence as well as negotiation. In this regard, the European members of the Alliance currently provide some ninety percent of the ground forces in place in Europe, and seventy percent of the air and naval forces. As part of the Conventional Defense Improvement (CDI) program, the Alliance is working both to raise the level of resources available for defense and to achieve greater defense output for the resources expanded.

B. Additionally, the Alliance is continuing to pursue a number of initiatives designed to enhance cooperation in research, development and production of armaments and equipment. The strategy incorporates a special effort to take advantage of funding provided in the FY 1986 DOD budget (Nunn Amendment).

C. (1) Arms control and disarmament, together with deterrence and defense, are an integral part of Alliance security policy. (2) The consultation process between the U.S. and its Allies has been central to

achieving success at the Geneva INF negotiations, which led to the elimination of an entire class of nuclear weapons and the removal of the existing Soviet monopoly. (3) The U.S. and the Allies consult closely on START and other arms control topics important to Western security. (4) The Western proposal, worked out by NATO's high-level task force (HLTF) has become the basis for negotiations on conventional forces in Europe (CFE) in Vienna. These negotiations are designed to achieve conventional stability in Europe at lower levels of forces.

D. The Conference on Security and Cooperation in Europe (CSCE) has provided an ongoing forum on East-West issues, with particular emphasis on human rights and security. The Alliance has always consulted closely on CSCE to ensure harmony of views and approach. The unity of the Alliance position has greatly contributed to the success of Western objectives. In the year to come, a major Alliance goal is to ensure that the results of the Vienna follow-up meeting are fully implemented, including significant improvement in Eastern performance regarding the humanitarian provisions of the Helsinki Final Act.

E. Bearing in mind the provisions of Article 2 of the North Atlantic Treaty, consultations will continue to reflect the great importance of securing a sound basis for the improvement of economic and social conditions of the peoples of Allied states.

F. NATO members will continue exchanges in the fields of science and technology, and the environment.

(2) Conventional Forces in Europe (CFE)

(Amounts in Thousands)

1991 Increase: $15

Computation of Estimate	Actual 1989	Estimate 1990	Estimate 1991
Assessment Against Members			
(in Austrian Schillings)	12,337	17,452	18,325
United States % Share	20%	20%	20%
United States Assessment	2,467	3,490	3,665
Prior Year Adjustment	20	--	--
Plus: Operating Cost of CFE			
Support Office (est.)	260	275	290
Total Requirements in Austrian Schillings	2,747	3,765	3,955
Approx. Exchange Rate			
Austrian Schillings to $1.00	13.27	13.16	13.16
Funds Available and FY 1991 Request	$207	$286	$301

Explanation of Estimate

The U.S. contribution to CFE is paid in Austrian schillings. FY 1991 estimates increase by $15,000 (5%) due to inflation.

Purpose and Benefit to the United States

In the conventional forces in Europe (CFE) talks between the 23 members of NATO and the Warsaw Pact, the Allies are proposing measures which will necessitate deep cuts in the most threatening Warsaw Pact conventional forces. The Allies' primary objectives are to establish a secure and stable balance of conventional forces at lower levels, while creating greater openness about military organization and activities in Europe. The implementation of the Allies' proposals in the CFE negotiations would achieve a quantum improvement in U.S. security.

(3) Direct Cost of U.S. Government Employees on Loan to NATO
(Dollars in Thousands)

1991 Increase: $--

Computation of Estimate	Actual 1989	Estimate 1990	Estimate 1991
Funds Available and FY 1991 Request	$2,840	$3,850	$3,850

Explanation of Estimate

The FY 1991 estimate is based on projected salaries of USG employees assigned to the NATO International Staff. The FY 1991 estimate is expected to be the same as in FY 1990; therefore there is no increase between the fiscal years 1990 and 1991.

Purpose and Benefits to the United States

The U.S. government can arrange for its nationals who serve on the International Staff to be paid directly by the United States. This arrangement was originally necessary because NATO salaries, based on European scales, could not attract nationals of the United States and Canada. It has the further advantage of making available, for temporary assignment to fill specific NATO needs, selected officials from the wide range of talent to be found within the United States Government and provides U.S. Government employees first hand experience with NATO issues. When the United States government nominates a USG employee to a NATO international position, the U.S. Government pays the employee according to USG scales and details the employee to NATO, as permitted by P.L. 87-195. The United States receives credit, in Belgian Francs, equivalent to the salaries, allowances and travel costs which would have been paid the employee had he/she been hired directly by NATO.

ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)

Paris, France
(Amounts in Thousands)

1991 Increase: $2,850

Itemization of Estimate	Actual 1989	Estimate 1990	Estimate 1991
1. Cash Contributions	$33,960	$33,698	$36,548
2. Direct Cost of U.S. National Employees on Loan to OECD (est.)	--	200	200
Funds Available and FY 1990 Request	33,960	33,898	36,748

(1) Cash Contributions — 1991 Increase: $2,850

Computation of Estimate	Actual FY 1989 (CY 1988)	Estimate FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
Assessment Against Members (in French Francs) a/	820,171	866,621	905,619
United States % Share	25%	25%	25%
United States Assessment	205,043	216,655	226,405
Less: Credit for U.S. National Employees on Loan to OECD	-497	--	--
Pension Tax Reimbursement	234	200	76
Prior Year Adjustment	-415	-8,153	--
Net U.S. Assessment	204,365	208,702	226,481
Tax Equalization Reimbursement	5,633	4,606	4,866
Total Requirements	209,998	213,308	231,347
Approx. Exchange Rate French Francs to $1.00	6.1837	6.33	6.33
Funds Available and FY 1991 Request	$33,960	$33,698	$36,548

a/ These figures reflect only that portion of OECD's assessment budget for which the U.S. has an assessed share paid out of the CIO appropriation.

Explanation of Estimate

The U.S. assessment to OECD is paid in French francs. The FY 1991 request is intended to provide full funding of U.S. requirements for the CY 1990. The FY 1991 increase of $2,850,000 in annual requirements results from an assessment increase of $1,540,000 attributable to increases in nominal costs (including required salary, social security, and inflation), an increase of $1,288,000 to non-recur FY 1990's prior year adjustment, a decrease of -$19,000 in the estimated pension tax reimbursement, and an increase of $41,000 in the tax equalization reimbursement estimate.

Purpose and Benefits to the United States

The Organization for Economic Cooperation and Development (OECD) is the industrialized democracies' principal forum for consultation on important economic issues. The OECD seeks to promote economic growth among its members, expansion of trade, and help to the less developed countries. It examines issues relating to macroeconomic policy, labor markets, energy security, trade, peaceful use of nuclear energy, agriculture, environment, science and technology, and aid and development.

The OECD's current work program emphasizes structural reform of economies to enhance economic growth, market-oriented agricultural reform, increased cooperation on energy security issues, higher industrial productivity, discussion of development and aid issues, and programs to improve the quality of life and the environment. The OECD was instrumental in preparing the ground work for the GATT's Uruguay Trade Round, and has spearheaded work on international investment and development assistance and technology dissemination. Much OECD work is reflected in the agenda for the annual Economic Summit of the world's seven largest industrialized nations.

(2) Direct Cost of U.S. National Employees on Loan to OECD

(Dollars in Thousands)

1991 Increase: $--

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Funds Available and and FY 1990 Request	$--	$200	$200

Explanation of Estimate

The FY 1991 estimate is expected to be the same as in FY 1990; therefore there is no increase between the fiscal years 1990 and 1991.

Purpose and Benefits to the United States

An OECD member government may arrange with the Secretary General to second its nationals, who are paid directly by the member government, to the Organization. Detail of United States nationals to the OECD ensures that qualified U.S. citizens are available to serve on the OECD international staff. The costs are financed through a reimbursement to the Department's "Salaries and Expenses" appropriation, i.e., the U.S. receives credit on its contribution equivalent to the salaries, allowances and travel costs which would have been paid to such persons had they been hired directly by the OECD.

SOUTH PACIFIC COMMISSION (SPC)

Noumea, New Caledonia
(Amounts in Thousands)

1991 Increase: $462

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members			
(in Central Pacific Francs)	492,817	530,210	562,500
United States % Share	16.88%	16.88%	16.88%
United States Assessment	83,193	89,506	94,950
Approx. Exchange Rate			
Central Pacific Francs to $1.00	109.75	109.75	109.75
Payment Within Available U.S. Dollars	$758	$816	$865
Tax Equalization Reimb. (est.)	25	25	35
Total Requirements	783	841	900
Arrears Payment	--	--	403
Funds Available and FY 1991 Request	783	841	1,303

Explanation of Estimate

The U.S. assessment to SPC is paid in Central Pacific Francs. The FY 1991 increase of $462,000 results from: (1) an increase of $59,000 in annual requirements (inclusive of an assessment increase of $49,000, attributable to inflation, and an increase of $10,000 in tax reimbursement estimates); and (2) an increase of $403,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The SPC is the oldest regional institution in the island Pacific and the only island organization in which the United States has full membership. Its focus on economic and social development provides a mechanism for the United States to forcefully express its views on development and to insist on programs that meet rigorous cost/benefit analysis. The American flag territories in the region, as well as the freely associated states of Micronesia, enjoy full SPC membership. The Commission supports programs throughout the region and includes within its membership all of the region's political entities. Britain, Australia, New Zealand and France also hold full membership.

The Pacific Island region is of increasing interest to the world, as witnessed by recent efforts by Libya, the Soviet Union, and Soviet surrogates to penetrate the area and establish a permanent foothold in the islands. With the emergence of the freely associated states on the international stage and with the political future of Fiji uncertain, institutions such as the SPC can and do make a significant contribution to regional growth and stability. In recent years the Commission has emphasized regional integration, planning and rural development. Active participation in the Commission's program underscores not only the U.S. role as a Pacific nation but also gives the U.S. a voice in a critical regional organization.

Justification of Program Activities

Other International Organizations

(Dollars in Thousands)

	1990 Current Estimate	1991 Request	Increase or Decrease (-)
Bureau of International Expositions	$21	$33	$12
Customs Cooperation Council	2,237	2,848	611
General Agreement on Tariffs and Trade	6,244	8,353	2,109
Hague Conference on Private International Law	59	76	17
International Agency for Research on Cancer	1,252	1,421	169
International Bureau of the Permanent Court of Arbitration	10	17	7
International Bureau for the Publication of Customs Tariffs	77	138	61
International Bureau of Weights and Measures	553	758	205
International Center for the Study of the Preservation and Restoration of Cultural Property	528	579	51
International Coffee Organization	643	832	189
International Cotton Advisory Committee	180	221	41
International Hydrographic Organization	62	71	9
International Institute for the Unification of Private Law	82	117	35
International Jute Organization	46	69	23
International Lead and Zinc Study Group	39	40	1
International Natural Rubber Organization	--	253	253
International Office of Epizootics	60	87	27
International Organization for Legal Metrology	76	103	27
International Office of the Vine and Wine	--	82	82
International Rubber Study Group	64	62	-2
International Seed Testing Association	6	9	3
International Sugar Organization	--	490	490
International Tropical Timber Organization	--	443	443
International Wheat Council	300	624	324
International Union for the Conservation of Nature and Natural Resources	--	168	168
Interparliamentary Union	502	546	44
Maintenance of Certain Lights in the Red Sea	49	--	-49
Permanent International Association of Road Congresses	--	13	13
World Tourism Organization	332	319	-13
Funds Available and FY 1991 Request	13,422	18,772	5,350

Goals and Objectives

Membership in this group of twenty-nine organizations allows the U.S. to exercise influence in international activities of high national interest: for example, commodity trading and pricing, promotion of international travel, and access to legal decision making and arbitration through courts and administrative bodies operating at international levels.

Base Program

Especially important is the U.S. ability to participate in decisions on the availability and pricing of most of the world's most important commodities. Moreover, as a major global trader, access to the international legal system and its judicial bodies ensures that the U.S. can achieve fair and equal treatment for its economic and other interests throughout the world.

BUREAU OF INTERNATIONAL EXPOSITIONS (BIE)

Paris, France
(Amounts in Thousands)

1991 Increase: $12

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in French Francs)	1,276	1,276	1,429
United States % Share	10.42%	10.42%	10.42%
United States Assessment	133	133	149
Approx. Exchange Rate French Francs to $1.00	6.65	6.33	6.33
Payment Within Available U.S. Dollars	$20	$21	$24
Arrears Payment	--	--	9
Funds Available and FY 1991 Request	20	21	33

Explanation of Estimate

The U.S. assessment to the BIE is paid in French francs. The FY 1991 request represents one-third of the U.S. share of the 91-93 triennial budget. The FY 1991 increase of $12,000 results from: (1) an increase of $3,000 in annual requirements (due to an assessment increase); and (2) an increase of $9,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

For comparison purposes, estimates for the 1991-93 triennial budget represent a 12 percent increase over the 1988-90 triennium due to inflation (estimated at 3.5 percent per annum).

Purpose and Benefits to the United States

The Bureau of International Expositions (BIE) provides for the orderly scheduling of international expositions to ensure that member countries have an opportunity to hold exhibitions which do not conflict with one another, and which have sufficient time intervals between them. The United States benefits by having assurance of foreign participation in BIE recognized U.S. domestic expositions.

CUSTOMS COOPERATION COUNCIL (CCC)

Brussels, Belgium
(Amounts in Thousands)

1991 Increase: $611

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Belgian Francs)	329,052	350,217	367,727
United States % Share	25%	25%	25%
United States Assessment	82,263	87,554	91,932
Approx. Exchange Rate Belgian Francs to $1.00	37.98	39.14	39.14
Payment Within Available U.S. Dollars	$2,166	$2,237	$2,349
Tax Equalization Reimbursement	--	--	20
Arrears Payment	--	--	479
Funds Available and FY 1991 Request	2,166	2,237	2,848

Explanation of Estimate

The U.S. assessment to the CCC is paid in Belgian francs. FY 1991 estimates are intended to provide full funding of U.S. requirements for the fiscal year 1991 and prior years arrearages. The FY 1991 increase of $611,000 results from: (1) an increase of $132,000 in annual requirements (inclusive of an assessment increase of $112,000 (or 5%) attributable to inflation, and an increase of $20,000 for implementation of a tax reimbursement agreement); and (2) an increase of $479,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The Customs Cooperation Council (CCC) is a 102 member intergovernmental organization which is dedicated to the study and improvement of customs techniques and legislation as a means of increasing cooperation between governments and facilitating law enforcement and international trade. Its purpose is to obtain the highest possible degree of uniformity and harmony in and between the customs systems of its member nations. The Council seeks to achieve these objectives through the development of a variety of international instruments. Chief among these are the International Convention on the Harmonization and Simplification of Customs Procedures (Kyoto Convention), the Harmonized Commodity Description and Coding System, and the Customs Convention on the ATA Carnet for the Temporary Admission of Goods. In addition, because of the new international code on Customs Valuation, negotiated as part of the

Tokyo Round of the Multilateral Trade Negotiations, the CCC has formed a technical committee to administer technical aspects of the GATT Valuation code.

The United States has been an active participant in the activities of the Council since its accession in 1970 to the Convention establishing that organization. The United States is a contracting party to the Council Conventions on temporary importations and the Kyoto Convention. Of considerable importance to both the public and private sectors of the United States is the development by the Council of a comprehensive harmonized description and coding system for all goods which will simultaneously meet the needs of customs, external trade statistics and carriers. The system, based on the Customs Cooperation Council Nomenclature (CCCN) and the United States Standard International Trade Classification (SITC), will provide a common terminology and code for the classification of merchandise. The United States implemented the Harmonized System on January 1, 1989. United States input in the development of the code is achieved through the Interagency Committee on CCC Matters.

GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT)

Geneva, Switzerland
(Amounts in Thousands)

1991 Increase: $2,109

Computation of Estimate	Actual FY 1989 (CY 1988)	Estimate FY 1990 (CY 1989)	Estimate FY 1991 (CY 1990)
Assessment Against Members (in Swiss Francs)	60,190	63,787	67,000
United States % Share	16.08%	16.08%	16.09%
United States Assessment	9,679	10,257	10,780
Approx. Exchange Rate Swiss Francs to $1.00	1.5166	1.65	1.65
Payment Within Available U.S. Dollars	$6,382	$6,216	$6,533
Tax Equalization Reimbursement	--	28	30
Total Requirements	6,382	6,244	6,563
Arrears Payment	--	--	1,790
Funds Available and FY 1991 Request	6,382	6,244	8,353

Explanation of Estimate

The U.S. assessment is paid in Swiss Francs. The FY 1991 request is intended to meet U.S. requirements for CY 1990. The FY 1991 increase of $2,109,000 results from: (1) an increase of $319,000 in annual requirements (inclusive of an assessment increase of $317,000 attributable to inflation and Uruguay Round requirements, and an increase of $2,000 in tax equalization reimbursement estimates); and (2) an increase of $1,790,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The General Agreement on Tariffs and Trade (GATT) developed out of a UN sponsored conference in Havana and a tariff negotiating conference in Geneva in 1947. The GATT is a multilateral trade agreement to reduce trade barriers and to foster expansion of world trade. It is the main forum in which the United States works with other nations toward these ends. Its basic principles are nondiscrimination and reduction of trade barriers through negotiation. The Agreement incorporates schedules of concessions negotiated among the contracting parties, contains an agreed code of conduct for international trade, and provides an intergovernmental forum for examining trade issues. GATT has sponsored many major tariff negotiations, and is currently in the process of negotiating the Uruguay Round, a new round of trade negotiations aimed at reducing trade barriers. The U.S. is a leading advocate of these negotiations.

HAGUE CONFERENCE ON PRIVATE INTERNATIONAL LAW (HCOPIL)

The Hague, Netherlands
(Amounts in Thousands)

1991 Increase: $17

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Dutch Guilders)	1,844	1,933	1,961
United States % Share	6.66%	6.67%	6.67%
United States Assessment	123	129	131
Less: Prior Year Adjustments	-17	-5	--
Requirement in Dutch Guilders	106	124	131
Approx. Exchange Rate Dutch Guilders to $1.00	1.95	2.11	2.11
Payment Within Available U.S. Dollars	$54	$59	$62
Arrears Payment	--	--	14
Funds Available and FY 1990 Request	54	59	76

Explanation of Estimate

The U.S. assessment to the HCOPIL is paid in Dutch guilders. The FY 1991 increase of $17,000 results from: (1) an increase of $3,000 in annual requirements (due to an assessment increase attributable to inflation); and (2) an increase of $14,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

U.S. membership permits U.S. participation in the preparation and negotiation of international conventions that affect judicial cooperation, international commerce and private rights of American citizens. These conventions, and U.S. participation and ratification, entitle our citizens to benefit from improved procedures for international judicial cooperation and protect their rights when they are involved in cases requiring application of rules of private international law. Of equal importance, U.S. participation ensures consideration of American legal concepts in the deliberations and work of this international body.

Two procedural conventions adopted since the U. S. joined the organization illustrate this point; both embody principles of our law and have influenced other countries to change their policies of international judicial cooperation in the direction of the policy of assistance to foreign and international tribunals embodied in Section 1782 of Title 28, United States Code.

Specifically, the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents permits American litigants to effect service abroad of judicial and other documents in 24 other countries. Also, the Convention on the Taking of Evidence Abroad in Civil or Commercial Matters enables American litigants to obtain evidence in 17 countries in a form suitable for introduction in U.S. courts.

Examples of other conventions developed by the Hague Conference of interest to the United States are: the Convention Abolishing the Requirement of Legalization for Foreign Public Documents went into force for the U.S. on October 15, 1981; it substantially simplifies the certification of documents to be used in the 35 countries that are parties to the Convention. The Conference in 1980 adopted the final text of a Convention on International Child Abduction, a subject of great interest to the U.S. The U.S. Senate on October 9, 1986 gave advice and consent to U.S. ratification of that Convention, and the United States ratified the Convention on April 28, 1988 after federal implementing legislation was enacted. At its session in 1984 the Hague Conference adopted the final text of a Convention on the Law Applicable to Trusts and on their Recognition. That Convention has been endorsed for U.S. signature and ratification by all interested national legal organizations, and is expected to be submitted to the Senate in 1989 for advice and consent to ratification. Work was completed by the Hague Conference on a convention on the law applicable to descendents' estates.

Active U.S. participation will become increasingly important in order to ensure proper consideration of American legal concepts in view of changes that may occur through consolidated European views after 1992.

INTERNATIONAL AGENCY FOR RESEARCH ON CANCER (IARC)

Lyon, France
(Dollars in Thousands)

1991 Increase: $169

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members	$10,600	$12,257	$13,369
United States % Share	9.90%	10.22%	10.22%
U.S. Assessment	1,049	1,252	1,366
Arrears Payment	--	--	55
Funds Available and FY 1991 Request	1,049	1,252	1,421

Explanation of Estimate

The FY 1991 increase of $169,000 results from: (1) an increase of $114,000 in annual requirements (due to an assessment increase attributable to inflation); and (2) an increase of $55,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The work of the 14-member International Agency for Research on Cancer (IARC) affords the United States a valuable opportunity to participate in the study of cancer on a worldwide basis. According to evidence available to the National Cancer Institute (NCI), external or environmental factors are significant causative agents in cancer incidence. The IARC program emphasizes epidemiological research on human cancer and related studies in environmental carcinogenesis. NCI is able to focus on the environmental causes of certain cancers by evaluating the data gathered by the IARC in regions where the incidence of these cancers is unusually high. Membership in the IARC permits the United States, together with other developed countries, to give cancer research priority in the field of international public health.

INTERNATIONAL BUREAU OF THE PERMANENT COURT OF ARBITRATION (IBPCA)

The Hague, Netherlands
(Amounts in Thousands)

1991 Increase: $7

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Dutch Guilders)	185	194	208
United States % Share(approx.)	11.49%	11.49%	11.49%
United States Assessment	21	22	24
Approx. Exchange Rate Dutch Guilders to $1.00	2.11	2.11	2.11
Payment Within Available U.S. Dollars	$10	$10	$11
Arrears Payment	--	--	6
Funds Available and FY 1991 Request	10	10	17

Explanation of Estimate

The U.S. assessment to the IBPCA is paid in Dutch guilders. The FY 1991 increase of $7,000 results from: (1) an increase of $1,000 in annual requirements (due to an assessment increase attributable to inflation); and (2) an increase of $6,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The International Bureau of the Permanent Court of Arbitration was established under the terms of the Hague Conventions for the Pacific Settlement of International Disputes of 1899 and 1907. The International Bureau conducts the Court's administrative affairs. The Court maintains a worldwide panel of jurists and lawyers available for selection as members of _ad hoc_ arbitration tribunals. The use of arbitration to resolve international disputes whenever appropriate is an important element in U.S. foreign policy, which is supported at very low cost by our participation in the IBPCA. The Secretary General of the Permanent Court of Arbitration also designates the appointing authority for the Iran-United States Claims Tribunal.

INTERNATIONAL BUREAU FOR THE PUBLICATION OF CUSTOMS TARIFFS (IBPCT)

Brussels, Belgium
(Amounts in Thousands)

1991 Increase: $61

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Belgian Francs)	44,333	58,375	83,494
United States % Share	5.17%	5.17%	5.17%
United States Assessment	2,292	3,018	4,317
Approx. Exchange Rate Belgian Francs to $1.00	38.85	39.14	39.14
Payment Within Available U.S. Dollars	$59	$77	$110
Arrears Payment	--	--	28
Funds Available and FY 1991 Request	59	77	138

Explanation of Estimate

The U.S. assessment to the IBPCT is paid in Belgian francs. The FY 1991 increase of $61,000 results from: (1) an increase of $33,000 in annual requirements (due to an assessment increase attributable to inflation); and (2) an increase of $28,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The Bureau translates tariff schedules of member governments which are printed in a wide range of languages into English, French, German, Italian and Spanish and publishes them in the International Customs Journal. The Union thus provides an inexpensive and efficient method of disseminating this information. Full information on foreign customs rates and regulations is vitally necessary to the United States Government and to American businessmen. While foreign tariffs are available in the original language, most of our trade technicians, tariff analysts, and businessmen could not as a practical matter utilize the tariffs economically or effectively except in English.

The Bureau's translation provides a ready source of basic information needed for responding to questions from businessmen, in particular in connection with our export promotion programs, and for verifying foreign concessions obtained in negotiations. If the U.S. were not a member of the International Bureau, we would have to establish a facility for translating foreign tariff schedules into English at a cost several times the annual payment to the Bureau.

INTERNATIONAL BUREAU OF WEIGHTS AND MEASURES(IBWM)

Sevres, France
(Amounts in Thousands)

1991 Increase: $205

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Gold Francs)	17,960	19,220	20,373
United States % Share	9.87%	10%	10%
United States Assessment	1,773	1,922	2,037
Approx. Exchange Rate French Francs equal 1 Gold Franc	1.814	1.82	1.82
United States Contribution (in French Francs)	3,217	3,498	3,707
Approx. Exchange Rate French Francs to $1.00	6.28	6.33	6.33
Payment Within Available U.S. Dollars	$512	$553	$586
Arrears Payment	--	--	172
Funds Available and FY 1991 Request	512	553	758

Explanation of Estimate

The IBWM budgets in Gold francs; however, since there is no direct exchange between the Gold franc and the U.S. dollar, the U.S. assessment is paid in French francs. The FY 1991 estimate represents the U.S. share for the third year of the 1988-1992 quadrennial budget. The FY 1991 increase of $205,000 results from: (1) an increase of $33,000 in annual requirements (due to an assessment increase attributable to inflation); and (2) an increase of $172,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

As set forth in the treaty of 1978, the function of the IBWM is to ensure international standardization of basic units of measure which have an important bearing upon the exchange of knowledge and goods between countries. It is therefore important to the advancement of science and technology in the U.S. and critical to U.S. commerce and industry. A 1921 Convention extended the Bureau's interest to include standards of electrical measuring units and all physical constants used in high precision instruments.

In collaboration with other international scientific organizations, the IBWM has established an international system of units which embraces the metric system as well as providing a basis for all major types of physical measurement. Units used in the U.S. and other English-speaking countries are now derived from the international system of units. The continuing program of the IBWM is to refine and extend these units to cover all basic types of measurements where international uniformity and accuracy are important to scientific and technological programs and to the facilitation of commerce.

INTERNATIONAL CENTER FOR THE STUDY OF THE PRESERVATION AND RESTORATION OF CULTURAL PROPERTY (ICCROM)

Rome, Italy
(Dollars in Thousands)

1991 Increase: $51

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members	$1,836	$2,111	$2,217
United States % Share	25%	25%	25%
U.S. Assessment	459	528	554
Prior Year Adjustment	2	--	--
Arrears Payment	--	--	25
Funds Available and FY 1991 Request	461	528	579

Explanation of Estimate

The FY 1991 increase of $51,000 results from: (1) an increase of $26,000 in annual requirements (due to an assessment increase of 5% attributable to inflation); and (2) an increase of $25,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The International Center is an intergovernmental organization established in 1958 to serve as a research and training center and as a clearing house for the exchange of information and specialists concerned with the scientific and technical problems of preservation and restoration of cultural property. Examples of ICCROM activities include technical assistance in conservation of paintings in Jerusalem, marble statues in Algeria, murals in Malta and Thailand, the effects of tourism on the Pharonic tombs at Luxor, the mud-brick Spanish missions of the American Southwest, the restoration of the Michelangelo murals in the Sistine Chapel, and the facade of the U.S. Capitol building. The U.S. benefits from U.S. participation, by both students and professors, in various training courses available only at ICCROM in architectural, painting and stone conservation.

INTERNATIONAL COFFEE ORGANIZATION (ICO)

London, England
(Dollars in Thousands)

1991 Increase: $189

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members	$5,227	$4,783	$6,097
United States % Share (approx.)	13.64%	13.44%	13.64%
Funds Available and FY 1991 Request	713	643	832

Explanation of Estimate

The FY 1991 increase of $189,000 in annual requirements results from inflation.

Purpose and Benefits to the United States

The purpose of the International Coffee Agreement (ICA), administered by the International Coffee Organization, is to help provide a stable flow of coffee to the market and stabilize prices within long-term market trends through the use of export quotas. Coffee is second only to petroleum as a source of earnings for developing countries in Africa, Asia and Latin America, and as such is very important to them. They put a lot of political stock in the ICA.

The ICA protects our interests as consumers. It provides a degree of price stability and it assures that no artificial restrictions will be placed on coffee trade. When quotas are in effect, they will be suspended automatically whenever prices rise above negotiated levels.

INTERNATIONAL COTTON ADVISORY COMMITTEE (ICAC)

Washington, D.C. - United States
(Dollars in Thousands)

1991 Increase: $41

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members	$777	$809	$852
United States % Share	11.84%	11.74%	11.74%
United States Assessment	92	95	100
Tax Equalization Reimbursement	83	85	90
Total Requirements	175	180	190
Arrears Payment	--	--	31
Funds Available and FY 1991 Request	175	180	221

Explanation of Estimate

The FY 1991 increase of $41,000 results from: (1) an increase of $10,000 in annual requirements (inclusive of an assessment increase of $5,000, or 5.26%, attributable to inflation, and an increase of $5,000 in tax equalization reimbursement estimates); and (2) an increase of $31,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

Cotton is both a major domestic crop and an important export for the United States. The International Cotton Advisory Committee is the recognized intergovernmental cotton producer-consumer group; the ICAC has 43 member governments, representing 95 percent of world production (excluding China), 85 percent of world consumption (excluding China), and 95 percent of world cotton exports. The (ICAC) provides the U.S. with access to cotton information as well as other governments' views. It is also a useful vehicle for developing international cooperation on cotton problems concerning the U.S. The ICAC collects, processes and disseminates statistical information on cotton stocks, production, consumption, trade and prices.

INTERNATIONAL HYDROGRAPHIC BUREAU (IHB)

Monte Carlo, Monaco
(Amounts in Thousands)

1991 Increase: $9

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Special Drawing Rights)	951	937	1,080
United States % Share	5.06%	5.12%	5.12%
United States Assessment	48	48	55
Approx. Exchange Rate Special Drawing Rights to $1.00	.77	.77	.77
Funds Available and FY 1991 Request	$60	$62	$71

Explanation of Estimate

The U.S. assessment to IHB is paid in Special Drawing rights. The FY 1991 estimate represents the fourth year of a five year budget period. The FY 1991 increase of $9,000 in annual requirements results from an assessment increase.

For comparison purposes, IHB's 1988-92 budget is an increase of 20.3 percent over the 1983-87 budget because of inflation and mandated increases for personnel costs.

Purpose and Benefits to the United States

The main purpose of the International Hydrographic Bureau (IHB) is to achieve among its members uniformity, efficiency, and coordination in hydrographic surveying and charting and in disseminating marine information, thus making maritime navigation safer and easier throughout the world. The United States benefits directly in the annual receipt of approximately 1,500 unique charts from IHB members and facsimile reproduction material for approximately 130 charts under bilateral agreements concluded under the aegis of the IHB, and further facsimile material for an increasing number of charts in the International Charts Series under the Convention and Technical Regulations of the IHB. There is additional benefit to the U.S. in our ability to influence the charting practices of other nations through the IHB, to facilitate the transfer of their data to, and its utilization by, our data banks, and to minimize required changes in U.S. procedures in reaching necessary international standards for nautical products. The savings to the U.S. for these activities are substantial, as compared to the costs of unilateral U.S. surveying and chart production or the cost of establishing and maintaining the many bilateral agreements which would be necessary in the absence of the IHB Convention.

INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW (IIUPL)

Rome, Italy
(Amounts in Thousands)

1991 Increase: $35

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Swiss Francs)	1,478	1,744	1,711
United States % Share	8.47%	7.81%	8.51%
United States Assessment	125	136	146
Approx. Exchange Rate Swiss Francs to $1.00	1.56	1.65	1.65
Payment Within Available U.S. Dollars	$80	$82	$88
Arrears Payment	--	--	29
Funds Available and FY 1991 Request	80	82	117

Explanation of Estimate

The U.S. assessment to the IIUPL (UNIDROIT) is paid in Swiss francs. The FY 1991 increase of $35,000 results from: (1) an increase of $6,000 in annual requirements (due to an assessment increase attributable to mandatory cost increases and inflation); and (2) an increase of $29,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The purpose of the Institute is to unify private law at the international level. The principal method is the preparation of draft uniform rules of substantive law incorporated into international conventions, and encouragement of their adoption by as many countries as possible. Because difficulties arising out of conflicting laws are especially likely to arise out of international commercial transactions and international travel, many of the uniform laws adopted by the Institute have been in those fields.

These uniform laws can be of substantial importance to United States interests since they could, in a number of circumstances, constitute the law to be applied to American parties to transactions with parties in other countries. The Institute with active United States participation, recently completed work on two such conventions, which were adopted at a Diplomatic Conference in Ottawa. These conventions, on international financial leasing and international factoring, will affect international trade practices and are expected to be submitted to the Senate for its advice and consent to U.S. ratification.

U.S. membership in the Institute provides an important opportunity for U.S. participation in the development of uniform laws. In particular, it enables us to ensure that such laws are fair and that American legal concepts and ideas are given appropriate recognition in their formulation. This will become increasingly important in view of consolidated legal views of Western European nations that may occur after 1992.

INTERNATIONAL JUTE ORGANIZATION (IJO)
Dhaka, Bangladesh
(Dollars in Thousands)

1991 Increase: $23

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members	$577	$537	$812
United States % Share	8.5%	8.5%	8.5%
Funds Available and FY 1991 Request	49	46	69

Explanation of Estimate

The FY 1991 increase of $23,000 in annual requirements results from an assessment increase primarily attributable to inflation and a reduction in reserves.

Purpose and Benefits to the United States

The purpose of the International Jute Organization is to improve product competitiveness rather than stabilizing prices. This is to be done through sponsorship of voluntarily funded projects in research and development, market promotion and cost reduction. This work is not being performed by existing international institutions, and requires resources beyond the means of the least developed countries which produce most jute for export.

The International Jute Organization benefits the United States by striving to reduce the cost of producing jute and the cost of jute to the consumers. The U.S. is the largest importer of jute and jute products.

INTERNATIONAL LEAD AND ZINC STUDY GROUP (ILZSG)

London, England
(Amounts in Thousands)

1991 Increase: $1

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Pounds Sterling)	340	418	375
United States % Share	5.50%	5.50%	5.50%
United States Assessment	19	23	21
Approx. Exchange Rate Pounds Sterling to $1.00	.59	.59	.59
Payment Within Available U.S. Dollars	$31	$39	$36
Arrears Payment	--	--	4
Funds Available and FY 1991 Request	31	39	40

Explanation of Estimate

The U.S. assessment to the ILZSG is paid in Pounds Sterling. The FY 1991 increase of $1,000 results from: (1) a decrease of -$3,000 in annual requirements (due to an assessment decrease); and (2) an increase of $4,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The International Lead and Zinc Study Group provides a forum for inter-governmental consultations on international lead and zinc trade. The annual meetings of the organization draw wide support from industry representatives of member countries who find the exchange of market information extremely useful. These sessions draw on the information provided by member states to prepare a world forecast for lead and zinc for the upcoming year.

In an era of increasing importance of basic commodities, we believe it is advantageous to maintain our participation in this effective, non-political producer-consumer forum which we consider to be a model for similar organizations for other commodities. U.S. industry supports our participation, finding great value in the pooled information on changes in the world market and on other conditions affecting industry. The Study Group publishes a monthly statistical bulletin covering primary production, consumption, trade and pricing statistics and prepares a variety of spot reports on matters of interest. The Study Group considers possible solutions to the problems affecting the lead and zinc industry which are unlikely to be resolved in the ordinary development of world trade.

INTERNATIONAL NATURAL RUBBER ORGANIZATION (INRO)

Kuala Lumpur, Malaysia
(Dollars in Thousands)

1991 Increase: $253

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members	$1,159	$1,550	$1,644
United States % Share	14.79%	14.79%	14.79%
United States Assessment	171	229	243
Tax Equalization Reimbursement	--	--	10
Paid from the ICC Appropriation	-141	-229	--
Funds Available and FY 1991 Request	30	--	253

Explanation of Estimate

In FY 1990, the U.S. assessment was paid from the International Conferences and Contingencies Appropriation (ICC). The FY 1991 increase of $253,000 results from: (1) an increase of $24,000 in annual requirements (inclusive of an assessment increase of $14,000, or 6.1%, attributable to inflation, and an increase of $10,000 for implementation of a tax reimbursement agreement); and (2) an increase of $229,000 above the FY 1990 request resulting from the transfer of estimates for the organization from the ICC appropriation.

Purpose and Benefits to the United States

The International Natural Rubber Organization is designed to stabilize natural rubber prices without disturbing long-term market trends, and ensure expanded future supplies of natural rubber at reasonable prices. The U.S. is the world's largest consumer of rubber and rubber products, and natural rubber is a strategically important commodity. Continued availability of natural rubber at reasonable prices is important to the economic health of the United States. U.S. firms involved in rubber trade support continued U.S. participation in INRO.

As one of the few successful commodity organizations, the Rubber Organization is a functioning demonstration of the importance of relying on free markets to determine prices and supply allocations. This organization also produces political benefits: active U.S. participation is important to the Asian countries, the world's largest producers of natural rubber and important Asian friends and trading partners of the United States.

INTERNATIONAL OFFICE OF EPIZOOTICS (IOE)

Paris, France
(Amounts in Thousands)

1991 Increase: $27

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in French Francs)	11,190	11,546	11,892
United States % Share	3.31%	3.29%	3.29%
United States Assessment	370	380	391
Approx. Exchange Rate French Francs to $1.00	6.33	6.33	6.33
Payment Within Available U.S. Dollars	$58	$60	$62
Arrears Payment	--	--	25
Funds Available and FY 1991 Request	58	60	87

Explanation of Estimate

The U.S. assessment to the IOE is paid in French francs. The FY 1991 request is part of the 1991-93 triennial budget. The FY 1991 increase of $27,000 results from: (1) an increase of $2,000 in annual requirements (due to an assessment increase); and (2) an increase of $25,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The International Office of Epizootics (IOE) is the only organization that reports on animal diseases world wide. During the past 20 years the organization has grown from 54 members to over 100 and includes all the major developed countries. The IOE reports the existence and movement of animal, poultry and fish diseases on a monthly basis. As necessary, IOE cables member countries when new disease outbreaks occur. IOE drafts uniform sanitary codes for animal movements in international trade. It meets regularly to review the status of animal diseases of immediate concern to the countries of the world and proposes efforts to control them. An International Agreement between IOE and the Food and Agriculture Organization (FAO) avoids duplications of functions by separating the related responsibilities of the two organizations in the animal health field. While IOE serves as a global surveillance and reporting service on outbreaks of animal diseases of international concern, FAO acts to assist governments in dealing with the animal disease outbreaks by coordinating control activities and providing training and assistance to improve veterinary services within countries.

INTERNATIONAL ORGANIZATION FOR LEGAL METROLOGY (IOLM)

Paris, France
(Amounts in Thousands)

1991 Increase: $27

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Gold Francs)	2,705	2,865	3,038
United States % Share	8.61%	8.69%	8.50%
United States Assessment	233	249	258
Approx. Exchange Rate French Francs equal 1 Gold Franc	1.81	1.815	1.81
United States Contribution (in French Francs)	422	452	467
English Translation Center	32	32	43
Total U.S. Requirement (in French Francs)	454	484	510
Approx. Exchange Rate French Francs to $1.00	6.39	6.33	6.33
Payment Within Available U.S. Dollars	$71	$76	$81
Arrears Payment	--	--	22
Funds Available and FY 1991 Request	71	76	103

Explanation of Estimate

The IOLM budgets in Gold francs; however, because there is no direct exchange between the Gold franc and the U.S. dollar, the U.S. assessment is paid in French francs. The FY 1991 budget will be the third of the four year 1989-92 budget adopted by the Eighth International Conference of Legal Metrology in October 1988. The FY 1991 increase of $27,000 results from: (1) an increase of $5,000 in annual requirements (due to an assessment increase attributable to inflation); and (2) an increase of $22,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The International Organization for Legal Metrology (IOLM) was founded in 1955 to promote intergovernmental cooperation in the compatibility of standards of measurements and the legislative and government regulations which may affect such standards of measurements. The IOLM recommends uniform international requirements for measuring instruments and works out needed laws and regulations for consideration by member states. It also acts as a center of documentation and information exchange in legal metrology. The organization's recommendations are not binding but they are accepted by most member nations, many of which are also our major trading partners.

Membership in the IOLM allows the United States to play an effective role in these activities, all of which are of high importance to our national standards of measurement, as well as to a segment of our export industry.

INTERNATIONAL OFFICE OF THE VINE AND WINE (IOVW)

Paris, France
(Amounts in Thousands)

1991 Increase: $82

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in French Francs)	3,906	5,195	4,509
United States % Share	5.12%	5.12%	5.12%
United States Assessment	200	266	231
Funding Shortfall in French Francs	-118 a/	--	--
U.S. Payment in French Francs (est.)	82	266	231
Approx. Exchange Rate French Francs to $1.00	6.33	6.33	6.33
Payment Within Available U.S. Dollars	$13	$42	$36
U.S. Dollar Equivalent of Funding Shortfall in French Francs	19 a/	--	--
Total Requirements	32	42	36
Arrears Payment	--	--	46
Funding Shortfall	-19	--	--
Paid from the ICC Appropriation	-13	-42	--
Funds Available and FY 1991 Request	--	--	82

a/ U.S. dollars calculated at the exchange rate of 6.33 French Francs to $1.00.

Explanation of Estimate

The U.S. assessment to the IOVW is paid in French Francs. The FY 1991 increase of $82,000 results from: (1) a decrease of -$6,000 in annual requirements; (2) an increase of $42,000 above the FY 1990 request resulting from the transfer of estimates for the organization from the ICC appropriation; and (3) an increase of $46,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The IOVW is widely recognized as the most prestigious and influential intergovernmental organization devoted to international wine technology, industry and trade issues concerning its member states, and membership therein is in the interest of the United States as one of the major wine-producing countries.

INTERNATIONAL RUBBER STUDY GROUP (IRSG)

London, England
(Amounts in Thousands)

1991 Decrease: -$2

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members			
(in Pounds Sterling)	366	384	340
United States % Share	10%	10%	10%
United States Assessment	36	38	34
Approx. Exchange Rate			
Pounds Sterling to $1.00	.56	.59	.59
Payment Within Available U.S. Dollars	$64	$64	$58
Arrears Payment	--	--	4
Funds Available and FY 1991 Request	64	64	62

Explanation of Estimate

The U.S. assessment to the IRSG is paid in Pounds sterling. The FY 1991 decrease of -$2,000 results from: (1) a decrease of -$6,000 in annual requirements (due to an assessment decrease resulting from a move to less expensive quarters); and (2) an increase of $4,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The International Rubber Study Group, established at the close of World War II, collects, collates and publishes worldwide data on natural rubber and synthetic rubber production and consumption. Participants are largely members of the private sector, and the study group appoints panels of experts to study and report on specific problems affecting this industry. The U.S. is the world's largest consumer of rubber and rubber products; continued availability of high-quality information about market trends is important to the U.S. economy.

INTERNATIONAL SEED TESTING ASSOCIATION (ISTA)

Zurich, Switzerland
(Amounts in Thousands)

1991 Increase: $3

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Swiss Francs)	283	329	345
United States % Share	3.04%	3.04%	3.04%
United States Assessment	9	10	10
Approx. Exchange Rate Swiss Francs to $1.00	1.80	1.65	1.65
Payment Within Available U.S. Dollars	$5	$6	$6
Arrears Payment	--	--	3
Funds Available and FY 1991 Request	5	6	9

Explanation of Estimate

The U.S. assessment to ISTA is paid in Swiss Francs. The FY 1991 increase of $3,000 results from a request for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The primary purpose of the International Seed Testing Association (ISTA) is to develop, adopt and publish standard procedures for sampling and testing seeds and to promote uniform application of these procedures for evaluation of seeds moving in international trade. The latest record (1988) shows the United States exported seeds at an annual value of about $395 million and imported seeds at an annual value of about $145 million. Therefore, it is important for U.S. interests to be represented in ISTA and for the U.S. to participate fully in the processes leading to the adoption of standard procedures for sampling and testing seeds moving in international trade.

INTERNATIONAL SUGAR ORGANIZATION (ISO)

London, England
(Amounts in Thousands)

1991 Increase: $490

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Pounds Sterling)	944	1,065	1,157
United States % Share	13.30%	13.30%	13.30%
United States Assessment	125	142	154
Funding Shortfall in Pounds Sterling	-64 a/	--	--
U.S. Payment in French Francs	61	133	154
Approx. Exchange Rate French Francs to $1.00	.55	.5867	.59
Payment Within Available U.S. Dollars	$111	$242	$261
U.S. Dollar Equivalent of Funding Shortfall in French Francs	109 a/	--	--
Total Requirements	220	242	261
Arrears Payment	--	--	229
Funding Shortfall	-109	--	--
Paid from the ICC Appropriation	-111	-242	--
Funds Available and FY 1991 Request	--	--	490

a/ U.S. dollars calculated at the exchange rate of .59 Pounds Sterling to $1.00.

Explanation of Estimate

The U.S. assessment to the ISO is paid in Pounds Sterling. The FY 1991 increase of $490,000 results from: (1) an increase of $19,000 in annual requirements (due to an assessment increase attributable to inflation and mandatory cost increases); (2) an increase of $242,000 above the FY 1990 request resulting from the transfer of estimates for the organization from the ICC appropriation; and (3) an increase of $229,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The ISO collects information on the sugar economy, and distributes statistics to both U.S. producers and consumers of sugar. Membership in the organization is also of considerable political importance to the U.S., particularly in view of high dependence on the world sugar market on the part of many countries in the Caribbean basin area.

INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

Yokohama, Japan
(Amounts in Thousands)

1991 Increase: $443

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members	$2,460	$3,350	$3,350
United States % Share	4.80%	5.08%	5.08%
United States Assessment	118	170	170
Tax Equalization Reimbursement (est.)	--	--	55
Arrears Payment	--	--	218
Funding Shortfall	-65	--	--
Paid from the ICC Appropriation	-53	-170	--
Funds Available and FY 1991 Request	--	--	443

Explanation of Estimate

The FY 1991 increase of $443,000 results from: (1) an increase of $55,000 in annual requirements for implementation of a tax equalization reimbursement agreement; (2) an increase of $170,000 above the FY 1990 request resulting from the transfer of estimates for the organization from the ICC appropriation; and (3) an increase of $218,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

For comparison purposes, ITTO's estimated FY 1991 budget represents an increase of $400,000 (approx. 13.6%) over FY 1990 estimates. This increase is attributable to inflation (5%) and program growth (8.6%) in tropical forestry activities.

Purpose and Benefits to the United States

The ITTO was established in 1985 to promote cooperation between producers and consumers of tropical timber. Since its inception, the organization has striven to reduce tropical deforestation by propagating good forest management practices in countries having tropical forest resources. Through its numerous voluntarily-funded projects, ITTO has assumed a key role in the global battle against deforestation, a significant contributor to global climate change and the "greenhouse effect." The ITTO also works to promote market transparency, through improved statistics and analysis, and to assist in the development of viable forest industries.

The ITTO's objectives address concerns summarized in P.L. 99-529 (1986), in which Congress expressed its concern over the destruction and loss of tropical forests, and instructed the President to engage in dialogue with developing countries to stress "the importance of conserving and sustainably managing forest resources...." The ITTO provides a key forum for such dialogue; most major producers and consumers of tropical timber are members of the ITTO. The ITTO is also improving market transparency, an important benefit to both U.S. industry and consumers since the U.S. is a major importer of tropical timber products.

INTERNATIONAL WHEAT COUNCIL (IWC)

London, England
(Amounts in Thousands)

1991 Increase: $324

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Pounds Sterling)	1,020	1,100	1,330
United States % Share	16%	16.09%	16%
United States Assessment	163	177	213
Approx. Exchange Rate Pounds Sterling to $1.00	.5620	.59	.59
Payment Within Available U.S. Dollars	$289	$300	$361
Arrears Payment	--	--	263
Funds Available and FY 1991 Request	289	300	624

Explanation of Estimate

The U.S. assessment to the IWC is paid in Pounds Sterling. The FY 1991 increase of $324,000 results from: (1) an increase of $61,000 in annual requirements (due to an assessment increase attributable to rent increases); and (2) an increase of $263,000 for prior years arrearages, 20% of which will be expended in each of the fiscal years 1991 through 1995.

Purpose and Benefits to the United States

The International Wheat Council is the governing body of the International Wheat Agreement, which consists of the 1986 Wheat Trade Convention and the 1986 Food Aid Convention. The current Wheat Trade Convention seeks to further international cooperation in connection with world wheat problems, to contribute to the stability of international wheat markets, and to promote the expansion of international trade in wheat. The current Food Aid Convention provides for member contributions of an annual amount of wheat and other grains as food aid to developing countries. The Council also collects and distributes information on world trade in wheat.

It is in the interest of the United States, as the world's leading exporter of wheat, to further the objectives of the Council. Decisions in the Council are by a majority vote of importers and exporters voting separately, with a two-thirds majority of each group required for certain major decisions.

International Union for the Conservation of Nature and Natural Resources (IUCNNR)

Gland, Switzerland
(Amounts in Thousands)

1991 Increase: $168

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Swiss Francs)	3,500	3,900	4,400
United States % Share	0%	0%	6.3%
United States Assessment	--	--	277
Approx. Exchange Rate Swiss Francs to $1.00			1.65
Funds Available and FY 1991 Request	--	--	168

Explanation of Estimate

The U.S. assessment to the IUCNNR is paid in Swiss francs. In the past, although U.S. agencies have been agency members for many years, the United States has not been a state member, thus not subject to an assessment. The FY 1991 increase results from an estimate of dues the U.S. will be assessed now that the Administration has decided to join the IUCNNR as a state member.

Purpose and Benefits to the United States

The IUCNNR is the leading international organization concerned with the conservation of the world's biological resources and the sustainable use of the planet's natural resources. The scientific knowledge it provides is the intellectual base for conservation policies at the international, national, and local levels.

IUCNNR directly supports United States' efforts to maintain biological diversity through its assistance to countries in establishing national conservation strategies and by researching and monitoring the status of all known species of fauna and flora. IUCNNR also collaborates on specific projects to preserve endangered species of high interest to the United States, such as the African elephant, the giant panda, and the various species of rhinoceros. IUCNNR has also developed guidelines for the sustainable development of tropical forest buffer zones which help fulfill another U.S. goal in international conservation.

In the past, IUCNNR has drafted conservation conventions which have become the linchpins of U.S. international conservation policy. Foremost among these are the Convention on International Trade in Endangered Species of Fauna and Flora (CITES) and the Convention on World Heritage. IUCNNR is currently drafting a new convention on biological diversity, which was formally requested by the United States at the 1989 UNEP Governing Council.

INTERPARLIAMENTARY UNION (IU)

Geneva Switzerland
(Amounts in Thousands)

1991 Increase: $44

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Swiss Francs)	5,799	6,321	6,890
United States % Share	12.58%	12.58%	12.58%
United States Assessment	733	795	867
Approx. Exchange Rate Swiss Francs to $1.00	1.632	1.65	1.65
Payment Within Available U.S. Dollars	$449	$482	$525
Tax Equalization Reimbursement (est.)	20	20	21
Funds Available and FY 1991 Request	469	502	546

Explanation of Estimate

The U.S. assessment to the IU is paid in Swiss francs. The FY 1991 increase of $44,000 in annual requirements results from an assessment increase ($43,000) and an increase in tax reimbursement estimates ($1,000).

Purpose and Benefits to the United States

The origins of the Interparliamentary Union date back to 1889, when nine countries met in Paris in an interparliamentary conference for international arbitration. The movement developed rapidly, and a permanent organization with its own statutes and secretariat was set up in 1894 under the name of "Interparliamentary Union."

At least twice a year, the Union brings together parliamentarians representing different ideologies and countries for objective studies of political, economic, social, juridical and cultural problems of international significance. The overall aim of the Union is to promote personal contacts among members of all Parliaments and to unite them in common action to secure and maintain the full participation of their states in the establishment and continuance of representative institutions and the advancement of international peace and cooperation.

In structure, the Interparliamentary Union consists of national groups constituted within parliaments recognized as subject to international law. The United States Congress has joined the Union en bloc, and therefore, it may be said that all Members of Congress are members of the U.S. Interparliamentary Group.

MAINTENANCE OF CERTAIN LIGHTS IN THE RED SEA (MCLRS)

London, England
(Amounts in Thousands)

1991 Decrease: -$49

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members (in Pounds Sterling)	346	--	--
United States % Share	4.51%	--	--
United States Assessment	16	--	--
Prior Year Adjustment	6	--	--
U.S. share of closing costs	--	29	--
Additional Assessment (Article 4(2))	5	--	--
Total Requirements in Pounds Sterling	27	29	--
Approx. Exchange Rate Pounds Sterling to $1.00	.60	.59	--
Funds Available and FY 1991 Request	$45	$49	$--

Explanation of Estimate

The FY 1991 decrease of -$49,000 results from the withdrawal of the United States and other contracting parties from the Red Sea Lights Agreement, effective April 1, 1990.

Purpose and Benefits to the United States

The Agreement Regarding the Maintenance of Certain Lights in the Red Sea provides for the maintenance of two lighthouses in the southern portion of the Red Sea. These lights are helpful to the safety of traffic through the Suez Canal and to the ports of the seven countries on the Red Sea, but are no longer essential navigational aids for modern ships. Therefore, the U.S. and other contracting parties to the RSL Agreement will withdraw from the agreement on April 1, 1990.

PERMANENT INTERNATIONAL ASSOCIATION OF ROAD CONGRESSES (PIARC)

Paris, France
(Amounts in Thousands)

1991 Increase: $13

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
U.S. Assessment in French Francs	57	57	84
Approx. Exchange Rate French Francs to $1.00	6.33	6.33	6.33
Payment Within Available U.S. Dollars	$9	$9	$13
Paid from the Federal Highway Administration (FHWA) Appropriation	-9	-9	--
Funds Available and FY 1991 Request	--	--	13

Explanation of Estimate

In FY 1990, the U.S. assessment was paid from the Federal Highway Administration (FHWA) appropriation. The U.S. is assessed a statutory subscription of 24,000 French francs plus 20,000 French francs for each delegate it sends to PIARC. In FY 1991, the United States plans to send three delegates to the PIARC. The total FY 1991 subscription is therefore estimated at 84,000 French francs, which when calculated at the April 1989 month end exchange rate of .59 French francs to $1.00 amounts to $13,000. The FY 1991 increase of $13,000 results from: (1) an increase of $4,000 in annual requirements; and (2) an increase of $9,000 above the FY 1990 request resulting from the transfer of estimates for the organization from the FHWA appropriation.

For comparison purposes, the FY 1991 U.S. assessment represents an increase of $4,000 attributable to inflation.

Purpose and Benefits to the United States

The general aim of PIARC is to foster progress in the construction, improvement, maintenance, use and economic development of roads and to encourage the growth of road systems throughout the world. An international association for sharing road-related technologies, it is run by representatives of the 60 developed and developing countries' member governments. The association's technical work is centered on 12 standing technical committees and a quadrennial World Road Congress. Our membership in PIARC supports the Administration's policy of encouraging U.S. exports and will secure better access to foreign technical developments that will help solve important domestic highway problems.

WORLD TOURISM ORGANIZATION (WTO)

Madrid, Spain
(Dollars in Thousands)

1991 Decrease: -$13

Computation of Estimate	Actual FY 1989	Estimate FY 1990	Estimate FY 1991
Assessment Against Members	$5,933	$7,156	$6,861
United States % Share	4.50%	4.50%	4.50%
United States Assessment	267	322	309
Tax Equalization Reimbursement	10	10	10
Funds Available and FY 1991 Request	277	332	319

Explanation of Estimate

The FY 1991 request represents the U.S. share for the second year of the 1990-91 biennial budget and is intended to meet U.S. requirements for CY 1991. FY 1991 annual requirements decrease by $13,000.

For comparison purposes, the 1990-91 biennial budget represents a nominal increase of $1.8 million (14.37%) over the 1988-89 biennial budget due to cost increases and exchange rate fluctuations.

Purpose and Benefits to the United States

The World Tourism Organization (WTO) is the only intergovernmental organization concerned exclusively with tourism on a world wide basis. The fundamental aim of WTO is the promotion and facilitation of tourism to further the economic, social and cultural programs of its member countries. In addition to providing a worldwide forum for governmental and private tourism officials to discuss ways to facilitate tourism, the WTO staff prepares studies on tourism trends, travel demand and supply, the environmental impact of travel expansion, international travel statistics, and impediments to tourism.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

STATUTORY AUTHORIZATIONS

UNITED NATIONS AND AFFILIATED AGENCIES

FOOD AND AGRICULTURE ORGANIZATION

P.L. 79-197 approved July 31, 1945; as amended by P.L. 81-806 approved September 21, 1950; P.L. 84-726 approved July 18, 1956; P.L. 85-141 approved August 14, 1957; P.L. 87-195 approved September 4, 1961 (22 U.S.C. 279-279d). The United Nations Food and Agriculture Organization Constitution, adopted by the United States effective October 16, 1945 (T.I.A.S. 1554) and composite text, as amended to 1957 (T.I.A.S. 4803).

INTERNATIONAL ATOMIC ENERGY AGENCY

P.L. 85-177 approved August 28, 1957 (22 U.S.C. 2021-2026). The International Atomic Energy Statute, ratification advised by the Senate June 18, 1957 (T.I.A.S. 3873).

INTERNATIONAL CIVIL AVIATION ORGANIZATION

The Convention on International Civil Aviation, Chapter XV, 1944, ratification advised by the Senate July 25, 1946 (T.I.A.S. 1591).

INTERNATIONAL LABOR ORGANIZATION

P.L. 80-843 approved June 30, 1948, as amended by P.L. 81-806 approved June 30, 1958 (22 U.S.C. 271-272a). The International Labor Organization Constitution amendment, acceptance by the United States deposited August 2, 1958 (T.I.A.S. 1868).

INTERNATIONAL MARITIME ORGANIZATION

The Intergovernmental Maritime Consultative Organization Convention, ratification advised by the Senate July 27, 1950 and entered into force for the United States March 17, 1958 (T.I.A.S. 4044)

INTERNATIONAL TELECOMMUNICATION UNION

The International Telecommunication Convention with Annexes and Protocol, Malaga-Torremolinos, 1973 ratification by Senate January 22, 1976 and entered into force with respect to the United States in April 1976 (T.I.A.S. 8572); as amended, Nairobi, 1982, ratification by the President, December 26, 1985 and entered into force with respect to the United States on January 10, 1986.

UNITED NATIONS

P.L. 79-264 approved December 20, 1945; as renumbered and amended by P.L. 81-341 approved October 10, 1949 (22 U.S.C. 287-287e). The United Nations Charter ratification advised by the Senate, July 28, 1945 (T.S. 933).

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

The Senate gave its Advice and Consent to ratification of the Constitution of the United Nations Industrial Development Organization (UNIDO) on June 21, 1983. The President signed the ratification instrument on August 2, 1983. The ratification instrument was deposited with the Secretary General of the United Nations on September 2, 1983. The Constitution entered into force on June 21, 1985.

UNITED NATIONS AND AFFILIATED AGENCIES (CONTINUED):

UNIVERSAL POSTAL UNION

On July 1, 1981, the new Universal Postal Convention, Rio de Janeiro, 1979, entered into force for the United States. (T.I.A.S. 9972).

WORLD HEALTH ORGANIZATION

Public Law 643, 80th Congress, approved June 14, 1948; Public Law 807, 81st Congress, approved September 21, 1950; Public Law 655, 83rd Congress, approved August 26, 1954; Public Law 138, 84th Congress, approved July 8, 1955 (22 U.S.C. 290 - 290e). World Health Organization Constitution entered into force with respect to the United States June 21, 1948 (T.I.A.S. 1808).

WORLD INTELLECTUAL PROPERTY ORGANIZATION

PARIS UNION

P.L. 86-614 approved July 12, 1960, as amended by P.L. 88-69 approved July 19, 1963, as amended by P.L. 92-511 approved October 20, 1972 (22 U.S.C. 260f), as further amended by P.L. 98-164 approved November 22, 1983. Stockholm revision to the Paris Convention for Protection of Industrial Property, Senate consent to ratification February 28, 1970 (T.I.A.S. 6923), as amended by P.L. 98-164 approved November 22, 1983.

NICE UNION

The U.S. Senate gave its advice and consent of ratification of the Nice Agreement on December 11, 1971 (T.I.A.S. 7418).

STRASBOURG UNION

The U.S. Senate gave its advice and consent to ratification of the Strasbourg Agreement on October 30, 1973 (T.I.A.S. 8140).

PATENT COOPERATION TREATY UNION

The U.S. Senate gave its advice and consent to ratification of the Patent Cooperation Treaty on October 30, 1973 (T.I.A.S. 8733).

BERNE CONVENTION ON THE PROTECTION OF LITERACY AND ARTISTIC WORKS

Implementing legislation became effective March 1, 1989.

WORLD METEOROLOGICAL ORGANIZATION

The World Meteorological Organization Convention, ratification advised by the Senate April 20, 1949 (T.I.A.S. 5947).

INTER-AMERICAN ORGANIZATIONS

INTER-AMERICAN INDIAN INSTITUTE

The Inter-American Indian Institute Convention, ratification advised by the Senate May 26, 1941. (T.S. 978).

INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE

The Inter-American Institute of Agricultural Sciences Convention, ratification advised by the Senate June 22, 1944 (T.S. 987): Protocol to the Convention, deposited by the United States November 3, 1959. Revised statutes changing the name of the Institute to Inter-American Institute for Cooperation on Agriculture and incorporating changes in the Institute were adopted by the required two-thirds of member countries, including the United States, on February 18, 1981. The United States deposited its ratification to the revised statutes on October 24, 1980.

INTER-AMERICAN ORGANIZATIONS (CONTINUED):

ORGANIZATION OF AMERICAN STATES

The Organization of American States Charter, ratification advised by the Senate on August 28, 1950 (T.I.A.S. 2361).

PAN AMERICAN HEALTH ORGANIZATION

The Pan American Sanitary Convention, ratification advised by the Senate, February 23, 1925 (T.S. 714).

PAN AMERICAN INSTITUTE OF GEOGRAPHY AND HISTORY

Public Resolution 74-42 approved August 2, 1935 as amended by P.L. 83-736 approved August 31, 1954, as further amended by P.L. 90-645 approved October 13, 1966 (22 U.S.C. 273), P.L. 91-340 approved July 17, 1970 and P.L. 97-241 approved August 24, 1982.

PAN AMERICAN RAILWAY CONGRESS ASSOCIATION

P.L. 80-794 approved June 28, 1948 (22 U.S.C. 280j-280-k), as amended by Public Law 91-553, approved December 15, 1970 and Public Law 97-241 approved August 24, 1982.

REGIONAL ORGANIZATIONS

COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

P.L. 86-108 (Section 502), approved July 24, 1959 (22 U.S.C. 1896b).

NORTH ATLANTIC ASSEMBLY

P.L. 84-689 approved July 11, 1956, as amended by P.L. 85-477 approved June 30, 1958, and P.L. 90-137 approved November 14, 1967 (22 U.S.C. 1928A-1928D).

NORTH ATLANTIC TREATY ORGANIZATION

North Atlantic Treaty, ratification advised by the Senate July 21, 1949 (T.I.A.S. 1964) (22 U.S.C. 1928G), P.L. 87-195 (Section 628, 629 and 630) approved September 4, 1961; as amended by P.L. 89-171, approved September 6, 1965 (22 U.S.C. 2388-2390).

ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT

The OECD Convention, notification advised by the Senate March 16, 1961 (T.I.A.S. 4891). P.L. 87-195 (Sections 628, 629 and 630) approved September 4, 1961 as amended by P.L. 89-171, approved September 5, 1965 (22 U.S.C. 2388-2390).

SOUTH PACIFIC COMMISSION

P.L. 80-403, approved January 28, 1948, as amended by P.L. 81-806 approved September 21, 1950, and further amended by P.L. 86-472 approved May 14, 1960; P.L. 88-263 approved January 31, 1964; P.L. 89-91 approved July 27, 1965 (22 U.S.C. 280-280c); P.L. 91-632 approved December 31, 1970; and P.L. 92-490 approved October 13, 1972. The South Pacific Commission Agreement entered into force July 29, 1948 (T.I.A.S. 2317) and amendment to the agreement entered into force July 15, 1965.

OTHER INTERNATIONAL ORGANIZATIONS

BUREAU OF INTERNATIONAL EXPOSITIONS

Convention of International Expositions, ratification advised by the Senate April 30, 1968,(T.I.A.S. 6548).

CUSTOMS COOPERATION COUNCIL

Customs Cooperation Convention, ratification by the Senate October 4, 1968, instruments of accession deposited November 5, 1970. (T.I.A.S 7063)

GENERAL AGREEMENT ON TARIFFS AND TRADE

P.L. 93-618 approved January 3, 1975.

HAGUE CONFERENCE ON PRIVATE INTERNATIONAL LAW

P.L. 88-244, as amended by P.L. 92-497 approved October 17, 1972 (22 U.S.C. 269g-1). The Hague Conference on Private International Law Statute entered into force on October 15, 1964 (T.I.A.S. 5710).

INTERNATIONAL AGENCY FOR RESEARCH ON CANCER

P.L. 92-484 approved October 14, 1972.

INTERNATIONAL BUREAU OF THE PERMANENT COURT OF ARBITRATION

The Pacific Settlement of International Disputes Convention, ratification advised by the Senate April 2, 1908 (T.S. 536).

INTERNATIONAL BUREAU FOR THE PUBLICATION OF CUSTOMS TARIFFS

The International Union for the Publication of Customs Tariffs Convention, ratification advised by the Senate December 13, 1890 (T.S. 384), the Protocol modifying the Convention of July 5, 1980, ratification by the Senate January 25, 1956 (T.I.A.S. 3922), Public Law 90-569, approved October 12, 1968 (33 U.S.C. 269th).

INTERNATIONAL BUREAU OF WEIGHTS AND MEASURES

The International Bureau of Weights and Measures Convention; ratification advised by the Senate May 15, 1978, (T.S. 378) and amending convention, ratification advised by the Senate January 5, 1923 (T.S. 673).

INTERNATIONAL CENTER FOR THE STUDY OF THE PRESERVATION AND RESTORATION OF CULTURAL PROPERTY

P.L. 89-665 approved October 15, 1966, amended as follows by P.L. 91-243 approved May 9, 1970; P.L. 93-54 approved July 1, 1973; P.L. 94-422 approved September 28, 1976; and P.L. 96-199 approved March 5, 1980.

INTERNATIONAL COFFEE ORGANIZATION

The U.S. Senate gave its advice and consent to ratification of the 1983 International Coffee Agreement on July 27, 1983.

INTERNATIONAL COTTON ADVISORY COMMITTEE

P.L. 94-350 approved July 12, 1976.

INTERNATIONAL HYDROGRAPHIC ORGANIZATION

The International Hydrographic Convention, approval advised by the Senate May 13, 1968 (T.I.A.S. 6933).

OTHER INTERNATIONAL ORGANIZATIONS (CONTINUED):

INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW

P.L. 84-44 approved December 30, 1963, as amended by P.L. 92-497 approved October 17, 1972 (22 U.S.C. 269g-1). The Charter of the International Institute for the Unification of Private Law entered into force for the United States March 13, 1964 (T.I.A.S. 5743).

INTERNATIONAL JUTE ORGANIZATION

Sec. 145, Foreign Relations Authorization Act, Fiscal Years 1986 and 1987 (P.L. 99-93 of 16 August 1985).

INTERNATIONAL LEAD AND ZINC STUDY GROUP

P.L. 94-350 approved July 12, 1976.

INTERNATIONAL NATURAL RUBBER ORGANIZATION

International Natural Rubber Agreement, resolution of ratification (Treaty Document 100-9) agreed by the Senate on September 7, 1988.

INTERNATIONAL OFFICE OF EPIZOOTICS

International Agreement for the creation at Paris of the International Office of Epizootics, ratification advised by the Senate May 5, 1975. (T.I.A.S. 8141).

INTERNATIONAL ORGANIZATION FOR LEGAL METROLOGY

The Convention on Legal Metrology, as amended; ratified by Senate on August 11, 1972 and entered into force on October 22, 1972. (T.I.A.S. 7533)

INTERNATIONAL OFFICE OF THE VINE AND WINE

Congress passed and the President signed October 25, 1984 legislation (P.L. 98-545) authorizing the U.S. to maintain membership in the OIVW.

INTERNATIONAL RUBBER STUDY GROUP

P.L. 94-350, approved July 12, 1976.

INTERNATIONAL SEED TESTING ASSOCIATION

P.L. 94-350 approved July 12, 1976.

INTERNATIONAL SUGAR ORGANIZATION

The U.S. signed the ISA of 1984 as an Executive Agreement pursuant to the President's constitutional powers. The U.S. will apply the ISA of 1984 on a provisional basis until legislation specifically authorizing our membership is obtained. The 1984 Agreement expired March 31, 1988. The U.S. has not decided whether to join the successor 1987 ISA.

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

Circular 175 of March 30, 1985. The U.S. entered into agreement to abide by terms of the ITTA provisionally through executive agreement signed by Secretary Shultz April 3, 1985. Draft legislation by which Congress would confirm U.S. membership was transmitted to the Hill in July 1987 (Senate Executive Communication #1636, published in the Federal Register of 30 July). It is currently included in Section 602 of the State Department Authorization Bill for the Fiscal Years 1990 and 1991, which is before Congress.

OTHER INTERNATIONAL ORGANIZATIONS (CONTINUED):

INTERNATIONAL WHEAT COUNCIL

Statutes of the International Wheat Agreement, Senate advice and consent on November 19, 1987, to the International Wheat Agreement 1986. (Senate Treaty Doc. 100-1)

INTERNATIONAL UNION FOR THE CONSERVATION OF NATURE AND NATURAL RESOURCES

Language is included in the State Department Authorization Bill for the Fiscal Years 1990 and 1991, which is before Congress.

INTERPARLIAMENTARY UNION

Act of June 28, 1935, as amended by P.L. 80-409 approved February 5, 1948; P.L. 85-477 approved June 20, 1958; P.L. 87-565 approved August 1, 1962; P.L. 88-613 approved October 7, 1964; P.L. 90-137 approved November 14, 1967; P.L. 92-226 approved February 7, 1972; P.L. 93-126 approved October 18, 1973; and P.L. 94-141 approved November 29, 1975 (22 U.S.C. 276-276c-1); P.L. 95-45 approved June 15, 1977 and P.L. 95-426 approved October 7, 1978.

MAINTENANCE OF CERTAIN LIGHTS IN THE RED SEA

The Maintenance of Certain Lights in the Red Sea Agreement, acceptance advised by the Senate February 24, 1964 (T.I.A.S. 6150).

PERMANENT INTERNATIONAL ASSOCIATION OF ROAD CONGRESSES

22 U.S.C., Sec. 269, 44 Stat. 754 (June 18, 1926).

WORLD TOURISM ORGANIZATION

The Senate gave advice and consent to ratification of the Statutes of the World Tourism Organization on October 26, 1973 (T.I.A.S. 8307).

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

For payments, not otherwise provided for, by the United States for expenses of the United Nations peacekeeping forces, [including arrearages incurred through fiscal year 1989, $81,500,000] *[illegible], of which not to exceed $156,771,000 shall remain available until expended to pay arrearages incurred through fiscal year 1990.* (*Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.*)

CONTRIBUTIONS TO INT'L PEACEKEEPING ACTIVITIES

FY 1991

SUMMARY STATEMENT

(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
--	$141,000	--	$81,079	--	$247,423	--	$166,344

I. Summary

This appropriation provides the United States assessed share of funding for the following United Nations peacekeeping operations:

- United Nations Disengagement Observer Force on the Golan Heights (UNDOF);
- United Nations Interim Force in Lebanon (UNIFIL);
- United Nations Iran-Iraq Military Observer Group (UNIIMOG);
- United Nations Transition Assistance Group (UNTAG); United Nations Angola Verification Mission (UNAVEM);
- United Nations Observer Group in Central America (ONUCA).

These peacekeeping operations are essential to U.S. national interests. They represent significant foreign policy accomplishments and their success depends upon our support for them, both diplomatic and financial.

The FY 1990 estimates reflect the impact of FY 1990 sequestration pursuant to Public Law 99-177, The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Reaffirmation Act of 1987 (Public Law 100-119).

II. Current Programs

UNDOF monitors the buffer zone between Israeli and Syrian forces on the Golan Heights. UNIFIL inhibits the movement of weapons and armed elements into and through its area of operations in southern Lebanon. Both contribute to our efforts to create an atmosphere in which negotiations could take place among all parties to the Arab-Israeli conflict. They have been in existence since 1978.

UNIIMOG, established by the Security Council in August 1988, monitors the cease-fire between Iran and Iraq and is charged with supervising the withdrawal of forces to international borders. UNIIMOG is playing a vital role in monitoring the truce in the Persian Gulf while peace negotiations between Iran and Iraq continue.

II. Current Programs (continued)

The one year mandate for the UN peacekeeping activity in Namibia (UNTAG) will expire on March 31, 1990. As anticipated, the UNTAG mandate is currently not expected to be renewed.

Linked to the establishment of independence for Namibia is the removal of Cuban troops from Angola. The Angolans and Cubans reached agreement with the United Nations on a verification regime to monitor the redeployment and withdrawal of the Cuban troops from Angola, and on December 20, 1988, the Security Council unanimously approved the establishment of UNAVEM for this purpose. UNAVEM is currently scheduled to remain operational for 31 months, extending from January 3, 1989 through August 2, 1991.

ONUCA is a newly created unarmed UN military observer group in Central America. It was established by Security Council resolution 644 (November 7, 1989) to verify the cessation of military aid to irregular forces and insurrectionist movements operating in the region and to verify the non-use of the territory of one state for attacking others. While the initial mandate provides for operation of ONUCA for 6 months, through May 6, 1990, it is expected that the Security Council will renew the ONUCA mandate in 6-month increments through 1991.

III. 1991 Plans

Given the role played by these United Nations peacekeeping forces, it is expected the Security Council will authorize the specific mandates for UNDOF, UNIFIL, UNIIMOG, UNAVEM and ONUCA and the General Assembly will appropriate funds for their operations.

The FY 1991 request of $247,423,000 includes $90,652,000 to fund the estimated U.S. share of the assessed contributions for UNDOF, UNIFIL, UNIIMOG, UNAVEM and ONUCA. In addition, $156,771,000 is included for payment of arrearages to UNDOF ($965,000) and UNIFIL ($155,806,000), to be paid at the rate of 20 percent per year over a five-year period (FY 1991-95).

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Contributions for International
Peacekeeping Activities

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Full Funding	Arrearages	1991 Total
Contributions for International Peacekeeping Activities					
United Nations Disengagement Observer Force	$10,800	$12,417	$12,417	$965	$13,382
United Nations Interim Force in Lebanon	18,200	24,092	40,064	155,806	195,870
United Nations Iran-Iraq Military Observer Group	34,100	13,595	20,468	--	20,468
United Nations Transition Assistance Group	76,500	6,893	--	--	--
United Nations Angola Verification Mission	1,400	3,216	1,043	--	1,043
United Nations Observer Group in Central America	--	20,866	16,660	--	16,660
GRAND TOTAL	141,000	81,079	90,652	156,771	247,423

Contributions for International
Peacekeeping Activities

SUMMARY OF CHANGE
(DOLLARS IN THOUSANDS)

Program Activities	POSITIONS			FUNDS		
	American Pos.	FSNs	Total	Bureau Managed	American Salaries	Total
1989 ENACTED	—	—	—	$141,000	—	$141,000
1990 BASE	—	—	—	81,079	—	81,079
1990 ADJUSTMENTS	—	—	—	—	—	—
1990 ESTIMATE	—	—	—	81,079	—	81,079
1991 PROGRAM CHANGES						
Contributions for International Peacekeeping Activities						
United Nations Disengagement Observer Force	—	—	—	965	—	965
United Nations Interim Force in Lebanon	—	—	—	171,778	—	171,778
United Nations Iran-Iraq Military Observer Group	—	-	—	6,873	—	6,873
United Nations Transitional Assistance Group	—	—	—	-6,893	—	-6,893
UN Angola Verification Mission	—	—	—	-2,173	—	-2,173
UN Obsever Group in Central America	—	—	—	-4,206	—	-4,206
Sub-total Contributions for Peacekeeping Activ	—	—	—	166,344	—	166,344
TOTAL PROGRAM CHANGES	—	—	—	166,344	—	166,344
1991 REQUEST	—	—	—	247,423	—	247,423

Contributions for International
Peacekeeping Activities

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
4100 GRANTS, SUBSIDIES AND CONTRIBUTIONS.......	$141,000	$81,079	$166,344	$247,423	$166,344
Total, Budget Unit	141,000	81,079	166,344	247,423	166,344

CONTRIBUTIONS TO INT'L PEACEKEEPING ACTIVITIES

FY 1991

JUSTIFICATION OF PROGRAM ACTIVITIES
(dollars in thousands)

United Nations Disengagement Observer Force (UNDOF)

	Positions		Funds
	American	FSN	
1991 Request......................	--	--	$13,382

Pursuant to the Syrian-Israeli Disengagement Agreement of May 1974, the Security Council established UNDOF on the Golan Heights which acts as an important buffer between Syrian and Israeli troops in a significantly strategic area. UNDOF is composed of 1,332 troops, of which 8 observers are seconded from the U.N. Truce Supervisory Organization. The current six-month mandate for UNDOF runs through May 31, 1990. It is expected that UNDOF's mandate will be renewed at six-month intervals through 1991.

The FY 1991 request includes $12,417,000 to fund the estimated U.S. share of assessed contributions for UNDOF and $965,000 for payment of arrearages, of which, $193,000, or 20 percent will be paid in FY 1991. The remaining arrearages will be paid over the next four years at the rate of 20 percent per year.

United Nations Interim Force in Lebanon (UNIFIL)

	Positions		Funds
	American	FSN	
1991 Request......................	--	--	$195,870

UNIFIL plays a major security role in the the daily lives of Israelis in northern Israel and Lebanese in southern Lebanon, saving lives and reducing violence. Under current circumstances, UNIFIL remains the best available option for promoting peace and security in southern Lebanon. It creates a buffer zone that inhibits terrorist operations and provides a security belt that helps protect both Lebanese and Israelis. UNIFIL's sustained efforts are important in assisting Lebanon to regain its sovereignty, territorial integrity, and independence. UNIFIL is an important peacekeeping and security investment in the Middle East.

CONTRIBUTIONS TO INT'L PEACEKEEPING ACTIVITIES

UNIFIL was established by Security Council Resolution 425 on March 19, 1978 to: 1) restore international peace and security in southern Lebanon; 2) confirm the withdrawal of Israeli forces from Lebanon; and 3) restore Lebanese sovereignty in the south of Lebanon. UNIFIL's authorized strength is 6,000 troops. The current six-month mandate for UNIFIL runs through January 31, 1990. It is expected that UNIFIL's mandate will be periodically renewed through 1991.

The FY 1991 request includes $40,064,000 to fund the estimated U.S. share of assessed contributions for UNIFIL and $155,806,000 for payment of arrearages. Arrearages will be paid over a five year period at the rate of 20 percent per year, or $31,161,000 per year beginning with FY 1991.

United Nations Iran-Iraq Military Observer Group (UNIIMOG)

	Positions		Funds
	American	FSN	
1991 Request......................	--	--	$20,468

UNIIMOG is responsible for monitoring the cease-fire and withdrawal of opposing forces in Iran and Iraq. The cease-fire and the resulting establishment of UNIIMOG follow eight years of war between Iran and Iraq at a cost of over one million lives and untold destruction of both military and civilian facilities alike. The cease-fire also mitigates the need for a significantly enhanced U.S. naval presence in the Persian Gulf to ensure unencumbered passage of oil and other commodities and goods in this region.

Subject to further modifications of its force structure, UNIIMOG is presently composed of 350 military observers, some 59 non-observer military personnel (e.g., military police, aviation and naval personnel), and some 330 civilian support personnel. The current six-month mandate for UNIIMOG runs through March 31, 1990 and it is expected that the Security Council will renew the mandate periodically through 1991.

The FY 1991 request of $20,468,000 will fund the estimated U.S. share of assessed contributions for continued UNIIMOG operations.

United Nations Angola Verification Mission (UNAVEM)

	Positions		Funds
	American	FSN	
1991 Request......................	--	--	$1,043

UNAVEM was established for a period of 31 months from January 3, 1989, until August 2, 1991, to monitor the redeployment and complete withdrawal of Cuban troops from Angola. UNAVEM is comprised of some 70 military observers, drawn from 10 countries, plus approximately 20 civilian support personnel.

CONTRIBUTIONS TO INT'L PEACEKEEPING ACTIVITIES

The FY 1991 request of $1,043,000 would fund the remaining portion of the U.S. share of assessed contributions for UNAVEM - the initial payments being made in FY 1989 (transfer authority of $1,400,000) and FY 1990 ($3,216,000).

United Nations Observer Group in Central America (ONUCA)

	Positions		Funds
	American	FSN	
1991 Request......................	--	--	$16,660

ONUCA, a newly created unarmed UN military observer group in Central America, was established by Security Council Resolution 644 (November 7, 1989) to verify the cessation of military aid to irregular forces and insurrectionist movements operating in the region and to verify the non-use of the territory of one state for attacking others. While the initial mandate provides for operation of ONUCA for 6 months through May 6, 1990, it is expected that the Security Council will renew the ONUCA mandate in six-month increments through 1991.

At full deployment (to be carried out in four phases), ONUCA will be comprised of 260 military observers, 179 military support personnel and 186 civilian staff.

The FY 1991 request of $16,660,000 will fund the estimated U.S. assessment for the continued operation of ONUCA.

INTERNATIONAL CONFERENCES AND CONTINGENCIES

For necessary expenses authorized by section 5 of the State Department Basic Authorities Act of 1956, contributions for the United States share of general expenses of international organizations[, including arrearages incurred through fiscal year 1989,] and representation to such organizations as provided for by 22 U.S.C. 2656 and 2672 and personal services without regard to civil service and classification laws as authorized by 5 U.S.C. 5102, [$6,340,000] *$8,200,000*, to remain available until expended as authorized by 22 U.S.C. [287(e)] *2696(c)*, of which not to exceed $200,000 may be expended for representation as authorized by 22 U.S.C. [2269 and] 4085. *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Note.—Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State and the United States Information Agency may be obligated and expended at a rate not exceeding the rate available for fiscal year 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The following schedules assume the repeal of this provision.

INTERNATIONAL CONFERENCES AND CONTINGENCIES

FY 1991

SUMMARY STATEMENT

(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
--	$6,000	--	$6,253	--	$8,200	--	$1,947

I. Summary

The International Conferences and Contingencies appropriation provides a central source of funds to finance and control United States participation in multilateral conferences, including the travel, the per diem and administrative costs of accredited U.S. delegates, the costs of conferences hosted by the United States, and representation. The basic objective of the appropriation is to assure that the United States is represented by the leanest and most efficient delegations that can be formed through the accreditation process to attain U.S. policy objectives.

Included in the Department's FY 1990 appropriation bill (Public Law 101-162) for those accounts under the jurisdiction of the House and Senate Commerce, Justice and State Appropriations Subcommittees is a provision (Section 614 of the Commerce-Justice-State Appropriations Bill) that states that funds appropriated to the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The FY 1990 estimates used in this presentation assume the repeal of this provision.

The FY 1990 estimates reflect the impact of FY 1990 sequestration pursuant to Public Law 99-177, The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Reaffirmation Act of 1987 (Public Law 100-119).

II. Current Programs

The International Conferences and Contingencies Appropriation finances limited United States participation in some 700 meetings annually. These meetings include subjects and concerns in which the United States has very substantial interests such as the functioning of the U.N. system, including its principal elements, subsidiary bodies and specialized agencies; economic and energy issues; human rights; environment; narcotics; natural resources; health research; and trade.

INTERNATIONAL CONFERENCES AND CONTINGENCIES

In view of the key importance of the U.S./European relationship, the United States participated in a wide variety of meetings of the North Atlantic Treaty Organization (NATO) and the United Nations Economic Commission for Europe (ECE). The United States also has a leading role in wide-ranging discussions on disarmament, and nuclear-related matters, involving NATO and the Warsaw Pact. The Conference on Security and Cooperation in Europe will participate in these four conferences in FY 1990: the Meeting on the Environment, the Meeting on Economic Cooperation, the Human Rights Conference, and the Meeting on the Mediterranean. The United States also continues to promote and protect U.S. hemispheric interests through participation in the Organization of American States (OAS) and related organizations and accomplishes similar goals in the Pacific basin through meetings of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the signatories of the Antarctic Treaty.

III. 1991 Plans

It is expected that the United States will participate in some 700 conferences in FY 1991. Major meetings, all of which will involve substantial U.S. Government participation, include the United Nations General Assembly and the regular meetings of UN subsidiary and specialized agencies such as the Economic and Social Council (ECOSOC) and its commissions, the World Health Organization (WHO), the Food and Agriculture Organization (FAO), the International Labor Organization (ILO), the International Telecommunication Union (ITU), the International Atomic Energy Agency (IAEA) and the United Nations Conference on Trade and Development (UNCTAD), and arms control negotiations such as the Conference on Disarmament.

In FY 1991, the Department will continue to provide basic support, through the ICC appropriation, for U.S. participation in international conferences and U.S. contributions to new or provisional organizations, with the goal of serving U.S. foreign policy objectives through multilateral diplomacy.

The FY 1991 request of $8,200,000 includes $7,969,000 for U.S. Participation in International Conferences and $231,000 to provide full funding for the estimated U.S. share of the assessed contributions to new or provisional organizations. Payment of bilateral debts owed by the U.S. for the accumulated U.S. share of conference costs of the Conference on Security and Cooperation in Europe (CSCE) and the negotiations on Confidence and Security Building Measures (CSBMs) accounts for $2,000,000 of the request and $900,000 for the U.S. share of estimated CSCE/CSBM expenses for FY 1991.

The major program increases in funding for CSCE/CSBM in FY 1991 ($455,000 for secretariat costs and $2,000,000 for bilateral debts) are because one of the greatest challenges facing U.S. foreign policy is managing the fundamental changes in East - West relations brought about by the dramatic events sweeping Eastern Europe and the Soviet Union. The process known as the Conference on Security and Cooperation in Europe (CSCE) is the premier forum for the ongoing multilateral East - West dialogue. It is also central to the shaping of a stable, peaceful future for Europe, and a process in which the United States has a recognized role. Our leadership in this important process will be undermined if we are unable to pay our share of CSCE's costs.

International Conferences and Contingencies

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
International Conferences and Contingencies				
Participation in International Conferences				
Meetings of International Organizations	$4,321	$4,614	$440	$5,054
Other International Conferences	1,278	445	2,470	2,915
SUB TOTAL Participation in International Conferences	5,599	5,059	2,910	7,969
Contributions to New or Provisional Organizations				
United Nations Memorial Cemetery Commission	48	54	3	57
Union for the Protection of New Varieties of Plants	71	186	-12	174
International Sugar Organization	111	242	-242	—
International Office of the Vine and Wine	13	42	-42	—
International Tropical Timber Organization	53	170	-170	—
International Natural Rubber Organization	141	229	-229	—
Berne Convention	—	271	-271	—
SUB TOTAL Contributions to New or Provisional Organizations	437	1,194	-963	231
Unobligated Balance	-36	—	—	—
GRAND TOTAL	6,000	6,253	1,947	8,200

International Conferences and Contingencies

SUMMARY OF CHANGE

(DOLLARS IN THOUSANDS)

Program Activities	POSITIONS American Pos.	FSNs	Total	FUNDS Bureau Managed	American Salaries	Total
1989 ENACTED....................	--	--	--	$6,000	--	$6,000
1990 BASE......................	--	--	--	6,253	--	6,253
1990 ADJUSTMENTS...............	--	--	--	--	--	--
1990 ESTIMATE..................	--	--	--	6,253	--	6,253
1991 PROGRAM CHANGES						
International Conferences and Contingencies						
Participation in International Conferences.	--	--	--	2,910	--	2,910
Contributions to New or Provisional Organizations............	--	--	--	-963	--	-963
Sub-total International Confe and Contingencies.	--	--	--	1,947	--	1,947
TOTAL PROGRAM CHANGES........	--	--	--	1,947	--	1,947
1991 REQUEST...................	--	--	--	8,200	--	8,200

International Conferences and Contingencies

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
1100 PERSONNEL COMPENSATION	$115	$115	--	$115	—
2100 TRAVEL AND TRANSPORTATION OF PERSONS.............	2,607	2,316	$440	2,756	$440
2200 TRANSPORTATION OF THINGS...............	25	25	—	25	—
2300 RENTS, COMMUNICATIONS AND UTILITIES.......	132	132	--	132	—
2400 PRINTING AND REPRODUCTION........	46	46	—	46	--
2500 OTHER SERVICES........	2,467	2,336	2,470	4,806	2,470
2600 SUPPLIES AND MATERIALS	52	52	—	52	—
3100 PERSONAL PROPERTY.....	37	37	—	37	—
4100 GRANTS, SUBSIDIES AND CONTRIBUTIONS.......	519	1,194	-963	231	-963
Total, Budget Unit	6,000	6,253	1,947	8,200	1,947

INTERNATIONAL CONFERENCES AND CONTINGENCIES

FY 1991

JUSTIFICATION OF PROGRAM ACTIVITIES

(dollars in thousands)

Participation in International Conferences

	Positions		Funds
	American	FSN	
1991 Request........................	--	--	$7,969

Participation in international conferences is intended to further national objectives, the scope of which is reflected in the variety of conference activity, ranging from matters of broad policy such as disarmament, North-South relations, trade, energy, raw materials, the environment and communications to highly technical questions of intense interest to particular segments of our economy, such as uniform standards for containerized shipments, fisheries, industrial products, and civil aviation. The Congress has requested that management of this participation be centralized in one office, a responsibility delegated to the Office of International Conferences (OIC) in the Bureau of International Organization Affairs of the Department of State. OIC's goal is to accredit, for recognized multilateral conferences, delegations which are effective and of minimum size.

This appropriation includes funding for approximately 700 meetings on subjects and concerns in which the United States has very substantial interests. For example, the Organization for Economic Cooperation and Development (OECD) and its offshoot, the International Energy Agency (IEA), focus on a wide-range of economic and energy issues and the need for a producer-consumer dialogue on energy and raw material matters. The United States has a commitment to and a concern for the successful functioning of the U.N. system, including its principal elements, subsidiary bodies and specialized agencies. The Economic and Social Council (ECOSOC) and its commissions and committees are concerned with such issues as human rights, narcotics and natural resources. The World Health Organization (WHO) is involved in coordinating an international effort to research the prevention and control of Acquired Immune Deficiency Syndrome (AIDS). The United Nations Conference on Trade and Development (UNCTAD) is involved in technical discussions and negotiations aimed at achieving stabilization agreements covering trade in selected commodities.

INTERNATIONAL CONFERENCES AND CONTINGENCIES

The FY 1991 request will provide $7,969,000 to participate in international conferences. This includes the cost of travel of delegates and administrative support costs. A major program increase is for the additional funds ($455,000) to pay FY 1991 CSCE/CSBM expenses of $900,000. This $900,000 for CSCE/CSBM expenses includes $400,000 for the U.S. share of the secretariat costs for the CSBM and $500,000 for the U.S. share of the expenses for the following CSCE Conferences: The Peaceful Settlement of Disputes Conference, the Meeting on Cultural Heritage, and the Human Rights Conference. In addition, $2,000,000 is requested for payment of bilateral debts owed by the U.S. for the accumulated U.S. share of conference costs of the Conference on Security and Cooperation in Europe (CSCE) and the negotiations on Confidence and Security Building Measures (CSBMs) accounts occurring through FY 1990.

Contribution to New or Provisional International Organizations

	Positions		Funds
	American	FSN	
1991 Request.....................	--	--	$231

The International Conferences and Contingencies appropriation funds United States contributions to international organizations in which U.S. participation is new or provisional, pending ratification by the Senate. The FY 1991 estimate includes $231,000 to provide full funding of the estimated U.S. share of the assessed contributions.

		FY 1989 Actual	FY 1990 Estimate	FY 1991 Estimate
(a)	UN Memorial Cemetery Commission	$48,000	$54,000	$57,000
(b)	Union for Protection of New Varieties of Plants	71,000	186,000	174,000
(c)	International Sugar Organization	111,000	242,000	--
(d)	International Office of the Vine and Wine	13,000	42,000	--
(e)	International Tropical Timber Org.	53,000	170,000	--
(f)	International Natural Rubber Org.	141,000	229,000	--
(g)	Berne Convention	--	271,000	--
	Total	$437,000	$1,194,000	$231,000

(a) The UN Memorial Cemetery Commission includes funding for the U.S. share of the maintenance and administrative expenses of the UN Memorial Cemetery in Korea.

INTERNATIONAL CONFERENCES AND CONTINGENCIES

(b) The Union for the Protection of New Varieties of Plants encourages the development of New Plant Varieties by affording legal protection for new varieties for a limited time. The effect is to encourage research and development by permitting the breeder to recoup development costs. The Union is based on the International Convention for the Protection of New Varieties which was signed in 1961 and revised in 1978.

(c) The International Sugar Organization works to stabilize world sugar prices through a combination of export quotas and nationally held stocks. The U.S. imports 50 percent of our domestic consumption and stabilization of the world price is critical to the stabilization of sugar prices within the United States. The FY 1991 request is included in the CIO Appropriation.

(d) The International Office of the Vine and Wine (O.I.V.W.) was established to monitor the economic and technical issues concerning wine treatment, packaging and labeling, import documentation and licensing provisions, and advertising practices. The United States is the sixth largest wine producer, the fifth largest importer and the fifteenth largest exporter of wine. The FY 1991 request is included in the CIO appropriation.

(e) The International Tropical Timber Organization primary functions are to improve market transparency between producing and consuming countries and to prevent the depletion of tropical timber resources. It provides for voluntarily funded projects to improve the marketing and distribution of tropical timber exports, which could lower costs for consumers. U.S. participation will ensure that the ITTO functions as an effective forum for both producers and consumers and will enable us to exercise some control over the projects that will be undertaken. The FY 1991 request is included in the CIO appropriation.

(f) The International Rubber Organization (INRO) was established to stabilize natural rubber prices without disturbing long term market trends and ensuring expanded future supplies of natural rubber at reasonable prices. The International Rubber Agreement (INRA) establishes a 550,000 metric ton buffer stock financed by equal contributions from producing and consuming member governments and includes "supply assurance" articles which foster adequate long term supplies of natural rubber to meet future world demand. The FY 1991 request is included in the CIO appropriation.

INTERNATIONAL CONFERENCES AND CONTINGENCIES

(g) The Berne Convention will enable the U.S. trade and intellectual property officials to negotiate from a stronger base when seeking to address trade problems involving intellectual property and when representing the U.S. in international copyright meetings. It will also put the U.S. in a better position to deal effectively with the demands of developing countries related to new high technology issues. The FY 1991 request is included in the CIO appropriation.

Mr. SMITH. Testifying on these three accounts today is John H. Bolton, Assistant Secretary of State for the Bureau of International Affairs.

Since this is your first time testifying before the Committee, we will insert your biographical sketch into the record at this point.

[The biography of Mr. Bolton follows:]

BIOGRAPHY OF JOHN R. BOLTON, ASSISTANT SECRETARY FOR INTERNATIONAL ORGANIZATION AFFAIRS

John R. Bolton was sworn in May 22, 1989, as Assistant Secretary of State for International Organization Affairs. Prior to this appointment he served as Assistant Attorney General, Civil Division, Department of Justice. He succeeds Ambassador Richard S. Williamson.

Mr. Bolton was born November 20, 1948 in Baltimore, Maryland. He graduated summa cum laude from Yale College in 1970 and received his J.D. from Yale Law School. After law school he joined the law firm of Covington and Burling as an associate. In 1981 he served in the White House Legal Counsel's Office as a consultant. He came to the Agency for International Development in 1981 as General Counsel and in 1982 he was appointed by President Reagan as the Assistant Administrator for Program and Policy Coordination. In 1983 he rejoined Covington and Burling as a partner, and 1983-84 he served as Executive Director of the Republican National Committee's 1984 Platform Committee. He became Assistant Attorney General for Legislative Affairs in the Department of Justice in 1985 and moved to the Civil Division in 1988.

Mr. Bolton is a member of Phi Beta Kappa and was an editor of the Yale Law Journal.

Mr. Bolton is married to Gretchen Smith Bolton. They have one daughter, Jennifer Sarah.

GENERAL STATEMENT

Mr. SMITH. Do you have a statement, Mr. Bolton?

Mr. BOLTON. Mr. Chairman, thank you.

I have three statements, actually; one on each of the appropriation requests: Contributions to International Organizations, Contributions for International Peacekeeping Activities and International Conferences and Contingencies.

Mr. SMITH. Okay, why not go ahead and summarize the three of them.

Mr. BOLTON. With your permission, I will just have a brief summary statement.

Mr. SMITH. All right.

Mr. BOLTON. I would like to thank the committee for the opportunity to appear before you today. In many respects, as you know, Mr. Chairman, this is sort of a homecoming from a different department, and I am glad to be back.

UNITED NATIONS

The Bush Administration is pursuing four specific initiatives which will strengthen America's interest in the United Nations.

The first is to reestablish the credibility of the United Nations by encouraging more responsible positions on the part of the UN's membership. We have seen, in recent years, a spirit of pragmatism and compromise replace the atmosphere of sterile confrontation and politicization of the UN's most preeminent fora, the General Assembly and the Security Council.

It is visible, as well, in bodies like the UN Human Rights Commission, where nations such as Czechoslovakia, Poland, Bulgaria and Hungary have joined us recently in speaking out against Cuban human rights violations.

Such developments need to be encouraged further and we will build upon them as we seek to strengthen international peace, and tackle serious trans-national problems such as drug abuse and the environment.

Our second goal is to strengthen the UN's effort in promoting international peace and security. The United Nations has made a dramatic contribution to the resolution of several of the regional conflicts that have plagued international relations over the past decade.

The United Nations' successful role in helping to bring about the withdrawal of Soviet forces in Afghanistan; in helping arrange and police a cease fire between Iran and Iraq; in overseeing Namibia's transition to independence; and in monitoring and supervising the holding of free elections in Nicaragua have strengthened arguments that the UN can uniquely provide a mechanism for international cooperation and keeping the peace in ways that directly buttress US national interests.

UN peacekeeping reduces threats to US security and, as in the case of Iran/Iraq, UN peacekeepers patrol in an area where 18 months ago, the US had deployed over 10,000 military personnel at grave risk to their lives, and at multiples of the UN peacekeeping cost to us.

Third, we have adopted a conceptual approach known as the Unitary UN. The Unitary UN approach enables us to focus on eliminating duplication and overlap within the vast and complex bureaucracy of the UN and specialized agencies.

It also helps ensure a coordinated approach by the US Government to the UN system. As the UN comes to play an increasingly important role in solving trans-national problems, more and more components of the US Government have reason and need to interact with it.

It is an important part of my job to make sure that the US continues to speak with one voice throughout the UN system, and that we do not contribute to the problem of duplication because of poor coordination on our part.

The fourth goal, Mr. Chairman, is one in which the Congress shares joint responsibility. We must reestablish America's reputation as a credible and responsible player at the United Nations.

I believe that we have a right and, indeed, an obligation to utilize the full range of our diplomatic assets, including our leverage on the UN budget, in pursuit of our main goals at the United Nations.

We have enjoyed the success we have had thus far in reforming the UN's budget process, and management, largely thanks to exploiting our financial leverage.

On highly emotional issues, like the PLO, we were prepared to cut off funding if the PLO's status at the UN was changed. Now it is time to pay our bills.

ARREARAGES

This is the sort of thing that I know makes this committee's task difficult but we want to work with you, particularly in the area of arrearages. As you point out, we have requested just under $695 million for the Contributions to International Organizations account to pay this year's assessed contributions.

We have also asked for authorization and appropriation for all of our arrearages in that account, other than those where major policy decisions and laws by the Congress bar our payments; that is in the amount of $463,595,000.

We have done the same thing in the peacekeeping account, Mr. Chairman, where our request includes $90.6 million for this year's assessed contributions and $156.8 million toward the payment of arrearages.

Now, I should say a word here, Mr. Chairman, about the effects these arrearages have on our work in the United Nations. And I have a couple of charts which are attached to the testimony.

But let me just show here a comparison between our arrearages and the Soviet Union's arrearages. If you look at the regular budget, starting in 1985, the Soviets had slightly more in arrearages than we did; $48.5 million to our $37.4.

In the five years since then, we have gone up to $365 million—this is as of December of last year—the Soviets have gone down to $3.8 million.

If you look at the two peacekeeping arrearages, the Soviets started five years ago at $187 million; and we were just under $31 million. We are now at $152.7 million in arrears; they have just recently gone down to $125 million.

Now, I can assure you, Mr. Chairman, that throughout the UN, this fact is used by the Soviets to great advantage, while our debts go up, they claim they are paying theirs off, which, in fact, they are, and it increases their effectiveness within the UN, at the same time that we are impeded.

And just to give you a different perspective as to how big a problem for the UN, US arrearages are, if you look at total arrearages—that is both peacekeeping and the regular budget contributions—we amount to over 57 percent of the total debt in the UN. The Soviet Union, by contrast, is now down to just over 14 percent and other donors are about 28.6 percent.

In the regular budget, funded from our CIO account, we amount to 79 percent of all UN arrearages. And in peacekeeping, just over one-third.

So, I would say, Mr. Chairman, that as we attempt to follow the President's direction, to make the UN more effective and to make the US more effective in the UN, these arrearages are a dramatic burden on our efforts to make progress.

I also want to make clear, that the President in personally making the decision to seek full authorization and appropriation, also made it clear that his intention on the arrearages, if appropriated, would be to pay them out at a rate no greater than 20 percent of the total arrearages per year, for a five-year period.

And he has also made it plain—and we have made it plain to other member governments and to the agencies of the UN system—that should the arrears be appropriated, we would insist that the usage to which those funds would be put would be agreed upon with the United States.

In the first instance, they would likely to go to replenishing depleted working capital funds, depleted reserve funds and in the second, they would be devoted to projects that agreed with the agencies receiving the money.

We would, under no circumstances, allow this money to be used to break the kind of financial and management discipline that we have been insisting upon throughout the UN system.

So it is an effort, recognizing that it is a difficult one, in a tight budgetary climate, but it is an effort to remove the US from its present status as the lead dead-beat within the United Nations system, while at the same time, insisting that the money be spent responsibly.

That is a brief summary, Mr. Chairman, and I would welcome any questions that you or the members have.

[The prepared statements of Mr. Bolton follow:]

DEPARTMENT OF STATE

FY 1991 BUDGET ESTIMATES

STATEMENT OF

JOHN R. BOLTON, ASSISTANT SECRETARY OF STATE

BEFORE

THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS

FOR

COMMERCE, JUSTICE, STATE, THE JUDICIARY AND

RELATED AGENCIES

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

IT IS A PLEASURE TO APPEAR BEFORE YOU TODAY IN SUPPORT OF THE PRESIDENT'S FISCAL YEAR 1991 APPROPRIATION REQUEST FOR UNITED STATES CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS.

THIS ADMINISTRATION IS STRONGLY COMMITTED TO RESTORING FINANCIAL STABILITY AND HONORING UNITED STATES OBLIGATIONS TO INTERNATIONAL ORGANIZATIONS. THE PRESIDENT'S FISCAL YEAR 1991 BUDGET REQUEST AFFIRMS THIS COMMITMENT AND ASSIGNS PRIORITY TO AN AREA WHICH THIS ADMINISTRATION CONSIDERS TO BE A MAJOR ELEMENT OF U.S. FOREIGN POLICY.

I KNOW THAT YOU, MR. CHAIRMAN, AND THE OTHER MEMBERS OF THE COMMITTEE ARE ACUTELY CONSCIOUS OF THE MAGNITUDE OF THIS REQUEST, AND THE INCREASE IT REPRESENTS COMPARED TO THE LEVEL APPROVED FOR LAST YEAR. I ASSURE YOU THAT THE PRESIDENT AND THE SECRETARY ARE AWARE OF THE PROBLEMS PRESENTED BY SUCH A MAJOR BUDGET REQUEST IN VIEW OF ALL THE OTHER IMPORTANT NEEDS, BOTH FOREIGN AND DOMESTIC, TO BE ADDRESSED IN THIS EXTREMELY DIFFICULT BUDGET PERIOD. INDEED, THE MAGNITUDE OF THIS REQUEST CLEARLY INDICATES THE SERIOUSNESS OF THE PRESIDENT'S PERSONAL COMMITMENT TO MEETING U.S. FINANCIAL OBLIGATIONS TO INTERNATIONAL ORGANIZATIONS, AND HOW IMPORTANT HE BELIEVES EFFECTIVE MULTILATERAL INSTITUTIONS HAVE BECOME FOR SERVING CRITICAL U.S. NATIONAL INTERESTS.

I. NEW POLICY INITIATIVES

I WOULD LIKE TO DISCUSS TODAY, FOUR SPECIFIC POLICY INITIATIVES WE HAVE CREATED TO STRENGTHEN AMERICAN'S INTERESTS WITHIN THE UN SYSTEM.

-- THE FIRST IS TO REESTABLISH A NEW SENSE OF RESPONSIBILITY IN THE UNITED NATIONS. FOR TOO LONG, THE UN HAS BEEN A HOLLOW DEBATING SOCIETY, WHERE COUNTRIES RITUALISTICALLY ENGAGED IN RHETORICAL ATTACKS ON THE UNITED STATES AND WESTERN VALUES, BUT HAD LITTLE IMPACT ON DEVELOPMENTS IN THE REAL WORLD. THESE RHETORICAL EXCESSES NOW ARE BEING WRUNG OUT SLOWLY; THE CHALLENGE FOR US AND ALL MEMBER STATES IS TO REMOLD THE UN, TO GALVANIZE IT INTO ACTION IN AREAS THAT ARE IMPORTANT TO EVERY ONE OF US, IN OUR DAILY LIVES. CRITICAL TRANSNATIONAL ISSUES -- NARCOTICS, THE ENVIRONMENT, TERRORISM -- ALL AFFECT EACH OF US; ALL ARE ISSUES THAT CRY OUT FOR MULTILATERAL COOPERATION; ALL WILL DEMAND HARD WORK AND RESOURCES.

-- THE SECOND GOAL IS TO STRENGTHEN UN EFFORTS TO PROMOTE INTERNATIONAL PEACE AND SECURITY, BY STRENGTHENING ITS PEACEKEEPING FUNCTIONS AND ENCOURAGING MORE ACTIVE USE OF THE SECRETARY GENERAL'S GOOD OFFICES RESPONSIBILITY. TANGIBLE EXAMPLES OF UN SUPPORT FOR U.S. STRATEGIC GOALS ALREADY ARE

APPARENT TO US. IN SOUTHWEST AFRICA, IN CENTRAL AMERICA, IN THE MIDDLE EAST AND ASIA, UN MILITARY AND CIVILIAN PEACEKEEPERS ARE HELPING TO LIMIT THE RISK OF MILITARY CONFLAGRATIONS THAT DIRECTLY IMPERIL U.S. STRATEGIC INTERESTS.

-- THIRD, WE HAVE CREATED AN ENTIRELY NEW WAY OF CONDUCTING OUR DIPLOMATIC EFFORTS WITHIN THE UN SYSTEM -- AN APPROACH TO WHAT WE CALL THE "UNITARY UN." THE CONCEPT OF THE UNITARY UN PROVIDES US WITH A NEW BASIS TO DEAL COHERENTLY WITH THE UN SYSTEM ON BOTH POLICY AND BUDGETARY GROUNDS. RATHER THAN AD HOC, POTENTIALLY OVERLAPPING AND CONFLICTING DEALINGS BY OUR GOVERNMENT WITH THE MANY COMPONENTS OF THE UN SYSTEM, WE ARE NOW IMPLEMENTING THIS COMPREHENSIVE APPROACH TO MANAGING OUR DIPLOMACY IN INTERNATIONAL ORGANIZATIONS. AS WE PROGRESS WITH THE UNITARY UN CONCEPT, WE BELIEVE THAT WE CAN MAKE THE ENTIRE UN SYSTEM MORE RATIONALLY ORGANIZED, MORE COST EFFECTIVE AND MORE RESPONSIVE TO THE INTERESTS OF THE UNITED STATES AND OTHER MEMBERS. MOREOVER, BY ADHERING TO THE ORIGINAL INTENT UNDERLYING THE CREATION OF EACH UN COMPONENT, WE SHOULD ACHIEVE NOT ONLY BUDGETARY SAVINGS BUT ALSO CREATE A GREATER SENSE OF POLITICAL RESPONSIBILITY AMONG MEMBER GOVERNMENTS AND SECRETARIATS.

-- THE FOURTH GOAL IS ONE, MR. CHAIRMAN, WHERE THE CONGRESS HAS SHARED RESPONSIBILITY. WE MUST REESTABLISH AMERICA'S IMAGE AS A CREDIBLE, RELIABLE PARTICIPANT IN INTERNATIONAL

ORGANIZATIONS. WE MUST MEET OUR FINANCIAL OBLIGATIONS WHEN THEY ARE DUE, AND BEGIN AS WELL REPAYMENT OF THE $620 MILLION IN REGULAR BUDGET AND PEACEKEEPING ARREARAGES WE OWE. UNLESS WE DO, OUR PARTICIPATION IN THE UN AND OTHER INTERNATIONAL ORGANIZATIONS WILL LACK CREDIBILITY, AND OUR ABILITY TO GET SUPPORT FROM OTHER MEMBERS FOR OUR GOALS AND INTERESTS WILL BE LIMITED.

A. TOWARD UN RESPONSIBILITY

TURNING TO THE FIRST GOAL, THERE IS MUCH ROOM FOR ENCOURAGEMENT. VOTING PATTERNS IN THE UN ARE BECOMING LESS BOUND BY OLD IDEOLOGICAL TIES. LAST YEAR WE SAW A DECLINE IN BLOC VOTING PATTERNS AND ON QUESTIONS IMPORTANT TO US, OTHER COUNTRIES' VOTING COINCIDENCE (INCLUDING CONSENSUS VOTES) WAS 54.9 PERCENT. PARTICULARLY SIGNIFICANT WAS THE ABSTENTION BY THE SOVIET UNION AND EASTERN EUROPEAN COUNTRIES ON THE ARAB CHALLENGE TO ISRAEL'S CREDENTIALS. THE NON-ALIGNED SPLIT ON THE U.S. SPONSORED RESOLUTION ON CUBA AT THE HUMAN RIGHTS COMMISSION, AND MOST SIGNIFICANTLY CZECHOSLOVAKIA AND POLAND CO-SPONSORED THE RESOLUTION. HUNGARY AND BULGARIA VOTED IN FAVOR, AS DID FIVE NAM COUNTRIES. ONLY SEVEN NAM COUNTRIES SUPPORTED CUBA.

LAST DECEMBER'S SPECIAL SESSION ON APARTHEID WAS ALSO REVEALING, AS THE ASSEMBLY ADOPTED BY CONSENSUS A RESOLUTION

STRESSING THE NEED FOR NEGOTIATED CHANGE IN SOUTH AFRICA. IN ESCHEWING INITIAL FRONTLINE STATE CALLS FOR NEW SANCTIONS, WE HOPE THE ASSEMBLY WAS SIGNALING A MORE CONSTRUCTIVE AND RATIONAL APPROACH TO DIALOGUE ON SOUTH AFRICA, AND AN AWARENESS THAT FUNDAMENTAL CHANGES ARE UNDERWAY THERE THAT MUST NOT BE UNTRACKED BY IRRESPONSIBLE INTERNATIONAL POSTURING.

PERHAPS MOST SIGNIFICANT, HOWEVER, AT THE GENERAL ASSEMBLY LAST FALL, WAS THE DECISION BY THE U.S. AND SOVIET UNION TO COSPONSOR A JOINT RESOLUTION ON INTERNATIONAL PEACE, SECURITY AND INTERNATIONAL COOPERATION. THIS JOINT RESOLUTION -- THE FIRST EVER IN THE FORTY-FIVE YEAR HISTORY OF THE UNITED NATIONS -- REFLECTS MAJOR CHANGES IN U.S.-SOVIET BILATERAL RELATIONS. THIS RESOLUTION MADE CLEAR THAT THE DECADES OLD EAST-WEST DEADLOCK AT THE UN IS BEING BROKEN, AND THAT TOGETHER WE WOULD BE ABLE TO WORK IN AREAS OF MUTUAL ADVANTAGE -- INCLUDING PEACEKEEPING, AS IN NAMIBIA AND NICARAGUA, AND MANAGEMENT REFORM, AS WITH THE UN BUDGET AND INCREASED SYSTEM-WIDE COORDINATION.

U.S.-SOVIET COOPERATION AT THE UN MEANS THAT OTHER GOVERNMENTS WILL NOT HAVE THE LUXURY OF HIDING BEHIND ONE OR THE OTHER GREAT POWERS. AT THE GENERAL ASSEMBLY LAST FALL, WE HAD STRONG SOVIET SUPPORT IN THE FIFTH COMMITTEE TO HOLD TO THE CONSENSUS BUDGET PROCEDURES AND TO ADOPT A BUDGET AT THE LEVEL

AGREED THE YEAR PREVIOUS. IN THE SECURITY COUNCIL, THE SOVIET UNION SUPPORTED THE OTHER PERMANENT FIVE MEMBERS IN FENDING OFF EFFORTS TO DIVERGE FROM THE NAMIBIA AGREEMENT, AND IN THE GENERAL ASSEMBLY LAST FALL, THE SOVIETS WERE A MAJOR FACTOR IN DEFEAT OF THE PLO EFFORT TO ENHANCE ITS STATUS AT THE UN.

IN THE ECONOMIC FIELD ALSO, THE UNITED NATIONS IS BEGINNING TO MOVE AWAY FROM THE CONFRONTATIONAL NORTH-SOUTH RHETORIC. WHILE THERE IS CERTAINLY ROOM TO QUESTION THE VALUE OR RELEVANCE OF PAST UN "CONTRIBUTIONS" TO RATIONAL ECONOMIC DEBATE, WE HOPE THAT THERE IS TODAY GREAT SCOPE FOR PRACTICAL, CONSTRUCTIVE, MULTILATERAL MEASURES TO IMPROVE THE WORLD'S ECONOMIC AND PHYSICAL ENVIRONMENT, AND SOME HOPE THAT THAT POTENTIAL IS NOW BEING REALIZED.

MERELY AS ONE EXAMPLE, LAST FALL, WITH SUPPORT AND ENCOURAGEMENT FROM MEMBERS OF CONGRESS, THE U.S. COSPONSORED A GENERAL ASSEMBLY RESOLUTION TO CURTAIL THE RUINOUS PRACTICE OF DRIFTNET FISHING ON THE HIGH SEAS. THIS RESOLUTION, TO WHICH THE MAJOR DRIFTNET FISHING NATIONS EVENTUALLY CONSENTED AFTER INTENSE NOGOTIATIONS, CALLS FOR A HALT TO FURTHER EXPANSION OF SUCH ACTIVITIES AND A SPECIFIC TIMETABLE FOR JOINT SCIENTIFIC STUDIES LEADING, IF NECESSARY, TO MORATORIA ON DRIFTNET FISHING AROUND THE WORLD WITHIN THE NEXT TWO YEARS. THE END RESULT WILL BE A MORE EFFECTIVE CONSERVATION OF LIVING MARINE

RESOURCES, AND A BETTER LIVELIHOOD FOR AMERICAN FISHERMEN AND THEIR COUNTERPARTS IN OTHER COUNTRIES WHO CONTINUE TO FISH USING ENVIRONMENTALLY SAFE METHODS.

I WISH I COULD REPORT ONLY SUCCESS IN THE UN, BUT THERE ARE STILL PROBLEMS. THE SECURITY COUNCIL EXAMINATION OF OUR ACTIONS IN PANAMA, AND THE SUBSEQUENT GENERAL ASSEMBLY RESOLUTION WERE DISAPPOINTING, EVEN THOUGH LESS THAN HALF OF THE INTERNATIONAL COMMUNITY JOINED IN THIS CRITICISM OF OUR ACTION. NEVERTHELESS, THERE APPEARED AMONG MANY TO BE A FUNDAMENTAL UNWILLINGNESS TO CONFRONT THE REALITY OF THE NORIEGA REGIME, AND HIS WHOLESCALE VIOLATIONS OF HUMAN RIGHTS.

B. STRENGTHEN UN PEACEKEEPING

TURNING TO OUR SECOND INITIATIVE, UN PEACEKEEPING, MR. CHAIRMAN, I KNOW EARLIER THIS MONTH YOU HAD A NUMBER OF QUESTIONS FOR SECRETARY BAKER CONCERNING PEACEKEEPING. OVER THE PAST THREE YEARS, THIS IS AN AREA WHERE UN ACTIVITY HAS HAD IMPORTANT IMPLICATIONS FOR THE UNITED STATES, AND I WANT FOR A MOMENT TO LOOK AT SEVERAL OF THE REGIONAL CONFLICTS WHERE THE UN IS ACTIVE TO POINT UP HOW WE DO BENEFIT. MOREOVER, I WANT TO STRESS THAT "PEACEKEEPING" IS A TERM THAT NOW COVERS A BRAOD RANGE OF UN ACTIVITIES UNDREAMED OF EVEN A DECADE AGO, GOING

BEYOND TRADITIONAL MILITARY ROLES IN WAYS THAT DRAMATICALLY ADVANCE AMERICAN FOREIGN POLICY INTERESTS.

TONIGHT AT MIDNIGHT, NAMIBIA -- AFRICA'S LAST COLONY -- WILL BECOME INDEPENDENT THANKS TO AN AMBITIOUS NEGOTIATING EFFORT BY THE UNITED STATES IN THE CONTEXT OF A UN PEACE PLAN DEVELOPED OVER A DECADE AGO. I WAS IN NAMIBIA FOR THE CONSTITUENT ASSEMBLY ELECTIONS IN NOVEMBER AND I CAN ASSURE YOU THE UN FORCES, CIVILIAN AND MILITARY, HAVE DONE A STELLAR JOB HELPING TO GUIDE THE TRANSITION TO INDEPENDENCE. THEY WERE NOT ON STATION APRIL 1 WHEN SWAPO VIOLATED THE AGREEMENT -- BUT THAT WAS DUE TO POLITICAL WRANGLING AMONG MEMBER GOVERNMENTS IN NEW YORK, NOT THE UN'S LETHARGY. SINCE THEN, HOWEVER, UN POLICE AND MILITARY MONITORS HAVE PATROLLED THE LENGTH AND BREADTH OF NAMIBIA, ENSURING NO FURTHER MILITARY VIOLATIONS, AND REASSURING A WARY PUBLIC THAT THE ELECTORAL PROCESS WOULD BE CONDUCTED ACCORDING TO THE HIGHEST STANDARDS AND THAT THEIR VOTES WOULD BE KEPT SECRET. DURING THE ELECTION THROUGHOUT THE TERRITORY, I SAW THE UN PATROLLING THE ROADS, AND WATCHING EVERY POLLING STATION IN THE COUNTRY, IN CITIES, IN TENTS UP COUNTRY, AND MOBILE STATIONS IN THE BUSH. UN MEDIATION OF THE ELECTORAL LAWS AND A UN SPONSORED ELECTORAL CODE OF CONDUCT WERE MAJOR FACTORS IN ENSURING A FAIR CAMPAIGN AND THE CLEANEST ELECTION DAY PRACTICES I HAVE EVER SEEN.

THE UN SUCCESS IN NAMIBIA HAS IMPLICATIONS THAT GO FAR BEYOND THAT TERRITORY, ALTHOUGH THE STRATEGIC IMPORTANCE OF NAMIBIA WOULD BE JUSTIFICATION ENOUGH. I BELEVE THE UN'S SUCCESS, AND THE ABILITY OF THE INTERNATIONAL COMMUNITY TO STICK WITH THE ACCORDS SO PAINFULLY NEGOTIATED, HAVE REASSURED SOUTH AFRICA AND FACILITATED THE MOVEMENT AWAY FROM APARTHEID NOW UNDERWAY.

EIGHTEEN MONTHS AGO, THE WAR BETWEEN IRAN AND IRAQ POSED A THREAT TO THE COUNTRIES OF THE PERSIAN GULF, AS WELL AS THE WEST'S ACCESS TO VITAL PETROLEUM RESOURCES IN THE REGION. SEVERAL DOZEN U.S. NAVAL UNITS AND OVER TEN THOUSAND SAILORS WERE ON STATION WITH THE NAVIES OF FOUR ALLIES TO PATROL THE TRADE ROUTES AND ENSURE THE WAR DID NOT SPILL ONTO THE GULF PENINSULA. TODAY A UN PEACEKEEPING FORCE SEPARATES THE TWO SIDES, AND THE SECRETARY GENERAL HAS A PERSONAL REPRESENTATIVE WHO MEETS REGULARLY WITH THE TWO SIDES SEEKING WAYS TO FORMALIZE THE CEASEFIRE, AND MOVE TO A PERMANENT PEACE AGREEMENT. THE U.S. SHARE OF UNIIMOG'S EXPENSES ARE ESTIMATED AT $20.5 MILLION FOR THE NEXT YEAR. WERE THE NAVY FORCED TO REDEPLOY, U.S. SERVICEMENT WOULD ONCE AGAIN BE SAILING IN HARM'S WAY, THEIR LIVES AT RISK AND THE COST WOULD BE MULTIPLES OF THAT AMOUNT.

THE DEMONSTRATED EFFECT OF UN PROWESS IN MONITORING ELECTIONS ALSO HAS HAD IMPLICATIONS IN OUR OWN HEMISPHERE. IN CONCERT WITH THE OAS AND PRIVATE OBSERVER GROUPS, THE UN PRESENCE IN NICARAGUA WAS AN ESSENTIAL FACTOR IN MAINTAINING PRESSURE ON THE SANDINISTAS TO HOLD FREE ELECTIONS, AND ACCEPT THE OUTCOME. THE VICE PRESIDENT, THE SECRETARY OF STATE AND MANY OTHERS OF US AT THE DEPARTMENT MET REPEATEDLY WITH UN REPRESENTATIVES PRIOR TO THE NICARAGUAN ELECTION, AND WE BELIEVE AMERICAN INTERESTS WERE WELL-SERVED BY THE PRESENCE OF INTERNATIONAL OBSERVERS.

ALSO IN CENTRAL AMERICA, ONUCA, THE UN'S MILITARY MONITORING PRESENCE, HAS THE DIFFICULT TASK OF OBSERVING AND REPORTING ON SUSPECTED ARMS SHIPMENTS FROM NICARAGUA TO THE INSURGENTS IN EL SALVADOR -- IN CONTRAVENTION OF THE ESQUIPOULAS ACCORDS. MOREOVER, THE UN AND OAS WILL PLAY A LEADING ROLE, THROUGH CIAV, THE INTERNATIONAL COMMISSION DESIGNED TO PROMOTE THE CONDITIONS NECESSARY FOR AND THE CONDUCT OF THE VOLUNTARY DEMOBILIZATION AND REPATRIATION OF THE CONTRAS AND THE TWO HUNDRED THOUSAND REFUGEES IN HONDURAS.

SUCH AMBITIOUS UN ACTIVITY WOULD HAVE BEEN IMPOSSIBLE HAD THERE NOT BEEN A RELAXATION IN TENSIONS BETWEEN THE U.S. AND SOVIET UNION. THE EASING OF THESE TENSIONS, HOWEVER, MEANS WE CAN HOPE TO SEE UN ACTIVITY IN ADDITIONAL AREAS WHERE BILATERAL

ACTIVITY IS INCONVENIENT OR IMPRACTICAL. FOR INSTANCE, THE U.S. AND SOVIET UNION HAVE URGED A MORE ACTIVE ROLE BY THE SECRETARY GENERAL IN ORGANIZING THE MOVEMENT OF RELIEF SUPPLIES IN ETHIOPIA, NOTWITHSTANDING THE CONTINUING CIVIL WAR. IN AFGHANISTAN, WE ARE SUPPORTING CONTINUING EFFORTS BY THE SYG TO EXPLORE POSSIBILITIES FOR A POLITIAL SETTLEMENT, EVEN AS WE PURSUE OUR OWN BILATERAL EFFORTS. FINALLY, THE PERMANENT MEMBERS OR THE SECURITY COUNCIL ARE NOW EXPLORING THE PROSPECTS OF A UN ROLE IN RESOLVING THE LONGSTANDING CONFLICT IN CAMBODIA. THIS WOULD CONSTITUTE A CHALLENGE FAR BEYOND ANYTHING THE UN HAS DONE, IN TERMS OF RESOURCES AND ORGANIZATIONAL DIFFICULTIES. WE ARE UNCERTAIN ABOUT THE DEGREE OF COMMITMENT AMONG THE CONFLICTING PARTIES TO A PEACEFUL SETTLEMENT UNDER UN AUSPICES AND THEIR COOPERATION IS ESSENTIAL. WE HAVE TURNED TO THE UN BECAUSE THE LIKELY RESULT OF CONTINUING CONFLICT, KHMER ROUGE REASSERTION OF CONTROL, IS UNPALATABLE TO US IN THIS ADMINISTRATION AND, I BELIEVE, TO THE AMERICAN PEOPLE.

C. THE "UNITARY UN"

THE CONCEPT OF THE UNITARY UN MEANS WE SEEK TO REASSERT THE ORIGINAL INTENT UNDERLYING THE CREATION OF EACH UN COMPONENT. WE AIM NOT ONLY FOR BUDGETARY SAVINGS BUT ALSO TO CREATE A GREATER SENSE AMONG MEMBER GOVERNMENTS AND SECRETARIATS THAT

MORE EFFICIENT USE OF RESOURCES ALREADY AVAILABLE CAN ENABLE US TO FOCUS SIGNIFICANT NEW RESOURCES ON AREAS OF PRIORITY CONCERN.

LAST MONTH, SECRETARY BAKER WENT TO THE NARCOTICS SPECIAL SESSION OF THE GENERAL ASSEMBLY TO UNDERSCORE U.S. CONCERN FOR CONCERTED UN ACTION IN THE DRUG AREA. THIS WILL BE A MAJOR PRIORITY AREA FOR US IN THE MONTHS AHEAD. BECAUSE OF THE IMPORTANCE OF THIS ISSUE, WE PLAN TO MAKE EFFORTS TO ADDRESS ILLEGAL NARCOTICS PROBLEMS A SHOWCASE OF OUR UNITARY UN DIPLOMACY. IN HIS COMMENTS LAST WEEK TO THIS COMMITTEE, THE SECRETARY SPOKE OF "ORDERING OUR PRIORITIES IN SUCH A WAY AS TO ACCOMPLISH OUR AIMS WITHIN THE FRAMEWORK OF A UNITARY APPROACH TO THE ENTIRE UN SYSTEM, AND THOUGH ZERO REAL PROGRAM GROWTH IN BUDGETS." WE ARE ALSO SEEKING TO IMPROVE OUR KNOWLEDGE OF INTERNAL UN DEVELOPMENTS AND TO CREATE A CENTRAL PLACE WHERE MEMBERS AND SECRETARIAT SENIOR OFFICIALS CAN REVIEW PROGRAM ACTIVITIES ACROSS THE SYSTEM, AND HIGHLIGHT AREAS WHERE MORE EFFECTIVE USE OF RESOURCES IS POSSIBLE.

BY ZERO REAL GROWTH, WE DO NOT MEAN THAT ALL PROGRAMS AND ALL BUDGETS MUST BE FROZEN. WHAT WE DO MEAN IS THAT, FOR THE SYSTEM AS A WHOLE, AND GENERALLY FOR AGENCY BUDGETS, WE WILL SUPPORT SHIFTING FUNDS AWAY, FOR INSTANCE, FROM BLOATED HEADQUARTERS STAFFS TO THE FIELD, AND AWAY FROM REPETITIVE CONFERENCES AND NON-ESSENTIAL PUBLICATIONS TO FOCUSED RESEARCH

AND PROJECT ACTIVITY HIGH PRIORITY AREAS LIKE DRUGS OR TERRORISM. IN MY TALKS WITH MY COUNTERPARTS -- MOST RECENTLY LAST WEEK IN THAILAND -- I HAVE FOUND ENORMOUS SYMPATHY FOR THE PROPOSITION THAT WE MUST CONTINUE TO EXERCISE RIGOROUS FINANCIAL DISCIPLINE THROUGHOUT THE UN SYSTEM, WHILE CONSOLIDATING AND STREAMLINING PROGRAMS TO ELIMINATE DUPLICATION.

IN THE ENVIRONMENTAL AREA, STRONG NEW ACTIONS ARE BEING TAKEN THROUGHOUT THE UN SYSTEM. IN FEBRUARY, THE NEW INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC) MET IN WASHINGTON TO ADVANCE ATTENTION TO THIS VITAL ISSUE. PRESIDENT BUSH ADDRESSED THIS MEETING TO ENSURE FULL AWARENESS OF THE SERIOUSNESS WHICH THE U.S. GOVERMENT ACCORDS ENVIRONMENTAL ISSUES. THE UN ENVIRONMENT PROGRAM (UNEP) AND THE WORLD METEOROLOGICAL ORGANIZATION (WMO), WHICH SERVICE THE NEW PANEL, ARE PURSUING ENVIRONMENTAL ISSUES IN OTHER AREAS. WE ARE SEEKING TO STRENGTHEN THE UN MACHINERY WE NOW HAVE, RATHER THAN CREATE NEW AGENCIES AND PROGRAMS IN THE ENVIRONMENT FIELD, AND WE WILL CONTINUE TO PRUNE AWAY DUPLICATION THAT WASTES MONEY THAT COULD OTHERWISE BE SPENT FOR FOCUSED PROGRAM ACTIVITIES.

SIGNIFICANT DEVELOPMENTS HAVE OCCURRED ALSO IN OTHER INTERNATIONAL ORGANIZATIONS AND WHERE WE ARE SEEKING TO IMPOSE

DISCIPLINE AND COORDINATION IN SUPPORT OF AMERICAN'S FOREIGN POLICY GOALS.

-- THE INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO) IS WORKING ON A NEW CONVENTION TO ENSURE THAT PLASTIC EXPLOSIVES ARE DETECTABLE IN AIRPORT SCREENING MECHANISMS. THE INITIATIVE FOR THIS CONVENTION IS AN OUTCOME OF THE PAN AM 103 DISASTER IN DECEMBER 1988. ANOTHER IS THE ESTABLISHMENT OF AN ICAO ACTION PROGRAM, AT THE INITIATIVE OF THE U.S. AND UK GOVERNMENTS, AIMED AT DETECTION AND PREVENTION OF ACTS OF TERRORISM INVOLVING CIVIL AIRCRAFT.

-- THE INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA), THROUGH ITS SAFEGUARDS AND PROMOTIONAL ACTIVITIES, CONTINUES TO SERVE CRITICAL U.S. NATIONAL SECURITY INTERESTS IN PREVENTING THE SPREAD OF NUCLEAR WEAPONS AND IN FOSTERING THE PEACEFUL AND SAFE UTILIZATION OF ATOMIC ENERGY. IN ADDITION, IN LIGHT OF GROWING CONCERNS ABOUT THE ENVIRONMENT, THE IAEA HAS DEVOTED INCREASED ATTENTION TO THE POTENTIAL CONTRIBUTION OF NUCLEAR ENERGY IN ADDRESSING GLOBAL ENVIRONMENTAL PROBLEMS.

-- THE INTERNATIONAL MARITIME ORGANIZATION (IMO) IS NOW WORKING ON A NEW INTERNATIONAL RESPONSE AND PREPAREDNESS CONVENTION FOR CATASTROPHIC OIL SPILLS. THIS RESULTS FROM THE

U.S. Presidential initiative at the Economic Summit Conference in July 1989, following the *Exxon Valdez* oil spill.

-- Developing nations and countries in Eastern Europe are increasingly interested in privatizing state and para-statal institutions and industries, and the United Nations Industrial Development Organization is increasingly a source for project design, assistance, and implementation in this area.

--The World Meteorological Organization (WMO), through major programs on weather, climate and water resources, and the coordination of members' research efforts, serves vital U.S. interests, as well as a wide variety of human needs which depend upon the timely and accurate exchange of meteorological information.

-- The World Health Organization (WHO) continues its outstanding work in combatting the global pandemic of AIDS. It is progressing toward the eradication of polio by the year 2000 and is showing success in promoting actions by developing nations to increase implementation of preventive health practices -- such as immunizations, breastfeeding, and safe water and sanitation -- that over time will greatly reduce the incidence of disease and death.

--THE INTERNATIONAL LABOR ORGANIZATION HAS BEEN ONE OF THE MOST RESPONSIVE AGENCIES IN THE UN SYSTEM REGARDING EVENTS UNFOLDING IN EASTERN EUROPE AND THE SOVIET UNION. ILO OFFICIALS HAVE VISITED PRACTICALLY ALL EASTERN EUROPEAN COUNTRIES. ILO EXPERTS HAVE WORKED CLOSELY WITH THE USSR STATE COMMITTEE FOR LABOR AND SOCIAL AFFAIRS AND WITH THE SUPREME SOVIET COMMITTEE FOR LEGISLATION, LEGALITY AND LAW AND ORDER ISSUES, IN EXAMINING AND PROVIDING COMMENTARY ON THE SOVIET DRAFT LAW ON THE SETTLEMENT OF COLLECTIVE LABOR DISPUTES. THEY HAVE PROVIDED COMMENTARIES ON DRAFT PENSION LEGISLATION. CONSULTATIONS ARE UNDERWAY ON STATISTICS, PRICE REFORM, AND OCCUPATIONAL CLASSIFICATIONS. ASSISTANCE IS UNDERWAY IN POLAND ON THE STRENGTHENING OF EMPLOYMENT SERVICES, RE-ORGANIZATION OF SOCIAL SECURITY AND THE REFORM OF LABOR LEGISLATION. IN HUNGARY, EFFORTS ARE FOCUSED ON SMALL AND MEDIUM SIZED ENTERPRISES, UNEMPLOYMENT INSURANCE AND VOCATIONAL TRAINING.

D. PAYING OUT BILLS

AS THIS COMMITTEE KNOWS, PRESIDENT REAGAN, IN THE LAST YEAR OF HIS ADMINISTRATION, FORMULATED A SIX-YEAR PLAN FOR THE PAYMENT OF U.S. OVERDUE CONTRIBUTIONS. THEN VICE PRESIDENT BUSH FULLY SUPPORTED THIS INITIATIVE, SAYING AT THE TIME, "I WELCOME THE PRESIDENT'S WISE DECISION TO HAVE THE UNITED STATES

DEVELOP A PROGRAM THROUGH WHICH ITS OUTSTANDING DUES TO THE U.N. WILL BE PAID. THIS DECISION, WHICH I FULLY SUPPORT, COMES IN RECOGNITION OF THE FACT THAT THE U.N. HAS UNDERTAKEN MUCH-NEEDED FISCAL REFORMS AND HAS ALSO EMBARKED ON A SERIES OF PEACEKEEPING EFFORTS." AFTER HIS INAUGURATION, PRESIDENT BUSH REAFFIRMED SUPPORT FOR THE ARREARAGE PAYMENT PLAN IN HIS PROPOSED FY 1990 BUDGET. FOR VARIOUS REASONS FAMILIAR TO THIS COMMITTEE, NO ARREARAGE PAYMENTS WERE APPROPRIATED FOR FY 1990.

NEVERTHELESS, PRESIDENT BUSH PERSONALLY DECIDED TO CONTINUE TO SEEK FULL PAYMENT OF U.S. ARREARAGES OVER A FIVE-YEAR PERIOD STARTING WITH FY 1991. IT IS CRITICALLY IMPORTANT TO OUR FOREIGN POLICY INTERESTS THAT WE FULLY FUND OUR CURRENT ASSESSED OBLIGATIONS AND BEGIN PAYING OUR ARREARAGES. THE UNITED STATES AND THE SOVIET UNION HAVE TRADED PLACES AS THE GOVERNMENTS WITH THE LARGEST ARREARAGES. EVEN WITH ALL OF ITS CURRENT ECONOMIC DIFFICULITIES, THE SOVIET UNION, AS RECENTLY AS LAST DECEMBER MADE A FURTHER PAYMENT OF $47 MILLION, REDUCING ITS TOTAL ARREARAGES TO $129 MILLION. BY CONTRAST, AS THE CHARTS ATTACHED TO THIS WRITTEN TESTIMONY SHOW, UNITED STATES ARREARAGES TO THE UN ALONE THROUGH DECEMBER 1989 INCREASED TO $517.9 MILLION.

MR. CHAIRMAN, WE NEED TO DEMONSTRATE DECISIVELY THAT PRESIDENT BUSH'S DECISION TO PAY AMERICAN OVERDUE DEBTS WAS FARSIGHTED AND CORRECT. WE CANNOT AFFORD TO LET THE OPPORTUNITIES SLIP FROM OUR GRASP, WHICH WILL BE THE CASE IF WE CONTINUE AS THE LARGEST FINANCIAL DEADBEAT IN THE UNITED NATIONS AND OTHER INTERNATIONAL ORGANIZATIONS. THE SECRETARY, IN HIS RECENT TESTIMONY BEFORE YOUR SUBCOMMITTEE NOTED THAT "THESE COMMITMENTS THAT WE MAKE TO MULTILATERAL ORGANIZATIONS ARE SOLEMN COMMITMENTS OF THE UNITED STATES MADE BY THE EXECUTIVE BRANCH IN FULL CONSULTATION WITH THE CONGRESS, AND WE REALLY OUGHT TO TRY AND KEEP THESE COMMITMENTS INSTEAD OF BEING ACCUSED ON OCCASIONS OF BEING THE INTERNATIONAL DEADBEAT."

HOW IRONIC, MR. CHAIRMAN, THAT A DECLINING USSR CAN ENHANCE ITS ROLE WITHIN THE UN SYSTEM AT PRECISELY THE SAME TIME THAT THE UNITED STATES RISKS DECADES OF LEADERSHIP BY FAILING TO PAY ITS BILLS. I CAN ASSURE THE COMMITTEE THAT THE UNITED STATES WILL TAKE STRONG MEASURES TO ENSURE THAT ANY ARREARAGES WHICH ARE APPROPRIATED ARE USED IN WORTHWHILE WAYS. WE ARE DETERMINED THAT THERE BE NO BACKSLIDING IN THE REFORM EFFORTS, AND THAT UN BUREAUCRACIES AND PROGRAMS DO NOT ONCE AGAIN GROW UNCONTROLLABLY.

DURING THIS PAST YEAR, ONE OF OUR MOST SIGNIFICANT ACCOMPLISHMENTS WAS DEFEATING, AGAIN AND AGAIN, THE PLO'S

EFFORTS TO OBTAIN MEMBERSHIP AS A "STATE" IN SEVERAL UN ORGANIZATIONS. ALL PARTS OF THE BUREAU FOR INTERNATIONAL ORGANIZATIONS AFFAIRS WORKED HARD ON THIS EFFORT STRONGLY BACKED BY SECRETARY BAKER.

WE BELIEVED THAT THE PLO WAS ILLEGITIMATELY ATTEMPTING TO USE THE UN SYSTEM TO PREJUDICE THE OUTCOME OF THE MIDDLE EAST PEACE PROCESS BY SEEKING TO OBTAIN MEMBERSHIP AND THEREBY _DE FACTO_ RECOGNITION AS A "STATE" BY THE INTERNATIONAL ORGANIZATIONS TO WHICH IT APPLIED. TO PUT IT BLUNTLY, MR. CHAIRMAN, WE TOLD MEMBER GOVERNMENTS OF THE SPECIALIZED AGENCIES INVOLVED THAT U.S. FUNDING WOULD BE CUT OFF IF THE PLO WERE ADMITTED.

WE RECOGNIZE THAT THIS WAS A HARD LINE TO TAKE. THE FACT IS, HOWEVER, THAT OUR STRATEGY WORKED, AND THE PLO WAS DEFEATED. AS THIS COMMITTEE WELL KNOWS, BOTH HOUSES OF CONGRESS WERE VIRTUALLY UNAMINOUS IN SUPPORT OF THE ADMINISTRATIONS'S POSITION ON THE PLO, AND WE DEEPLY APPRECIATED THAT STRONG AND UNYIELDING BACKING.

NOW THE TIME HAS COME FOR THE UNITED STATES -- FOR BOTH THE EXECUTIVE AND THE LEGISLATIVE BRANCES -- TO MAKE GOOD ON WHAT WAS IMPLICIT IN OUR ANTI-PLO STRATEGY: WE SHOULD PAY OUR BILLS. IT IS ONE THING TO CONTEMPLATE WITHDRAWAL OR REDUCED

FINANCIAL PARTICIPATION IN ORDER TO SIGNAL OVERWHELMING DISPLEASURE WITH AN ORGANIZATION. IT IS QUITE ANOTHER, WHEN AGENCIES HAVE BEEN RESPONSIVE TO OUR CONCERNS AND HEEDED OUR CALLS FOR REFORM, TO IMPOSE SIGNIFICANT FINANCIAL HARDSHIPS FOR NO REASON OTHER THAN TO CITE DOMESTIC BUDGET CONSIDERATIONS. U.S. CREDIBILITY AND PRESTIGE IN THE INTERNATIONAL FORA ARE AT STAKE. PRIORITIES MUST BE ESTABLISHED AND THE-PRESIDENT HAS DONE SO WITH HIS FY 1991 BUDGET SUBMISSION.

OVER THE PAST SEVERAL YEARS, THE ADMINISTRATION AND THE CONGRESS, WORKING TOGETHER, HAVE TURNED TO ADVANTAGE THE SEVERE FINANCIAL CONSTRAINTS BEING EXPERIENCED IN WASHINGTON BY USING FINANCIAL LEVERAGE TO ACHIEVE SIGNIFICANT ADMINISTRATIVE AND BUDGETARY REFORMS IN THE UN AND OTHER INTERNATIONAL ORGANIZATIONS. I AM PLEASED TO REPORT THAT THE UNITED NATIONS LAST AUTUMN COMPLETED ITS FIRST CYCLE UNDER THE NEW BUDGETARY REFORMS WITH CONSENSUS ADOPTION OF THE 1990-91 UN BUDGET WHICH CONTAINED NEGATIVE REAL GROWTH. THIS HAS BEEN THE CASE LAST YEAR WITH MOST AGENCIES OF THE UN SYSTEM. THE SUCCESS OF OUR REFORM EFFORTS WAS PREDICATED ON THE ASSUMPTION BY OTHERS THAT, ONCE THE REFORMS WERE ENACTED, THE UNITED STATES WOULD RESUME FULL PAYMENT OF ASSESSMENTS AND BEGIN TO ELIMINATE PAST ARREARAGES. UNLESS WE DO SO MR. CHAIRMAN, OUR ALLIES WILL PERCEIVE OUR ACTIONS AS AN ABANDONMENT OF OUR INTEREST IN REFORM. WE WILL BE SEEN AS BETRAYING THE SUPPORT GIVEN US IN

SEEKING REFORMS, IN ADVANCING PROGRAMS AND ACTIVITIES IN OUR INTEREST, AND IN DEFLECTING EFFORTS OBJECTIONABLE TO US SUCH AS ENHANCING THE STATUS OF THE PLO.

MR. CHAIRMAN, OUR REQUEST FOR ESSENTIALLY FULL FUNDING OF THE 51 ORGANIZATIONS IN THIS ACCOUNT TOTALS $694,886,000. IN ADDITION, AT THE PRESIDENT'S PERSONAL DIRECTION, WE ARE REQUESTING $463,595,000 FOR PAYMENT OF CUMULATIVE U.S. ARREARAGES. BECAUSE OF PALPABLE BUDGET CONSTRAINTS FACING THE GOVERNMENT, ACTUAL OUTLAYS OF ARREARAGES WOULD TAKE PLACE OVER FIVE YEARS, AT TWENTY PERCENT PER YEAR, AND WOULD BE DIRECTED TOWARD ACTIVITIES THAT ARE MUTUALLY ACCEPTABLE TO BOTH THE UNITED STATES AND THE ORGANIZATIONS CONCERNED.

WE ARE WELL ON OUR WAY TO FACING THE CHALLENGES AHEAD FOR THE 1990S. BUT WE MUST TURN POTENTIAL INTO REALITY. THIS REQUIRES A DEMONSTRATED COMMITMENT WHICH MEANS THAT WE MUST PUT OUR FULL WEIGHT BEHIND OUR ACTIVE PARTICIPATION IN INTERNATIONAL ORGANIZATIONS, BOTH POLITICAL AND FINANCIAL.

MR. CHAIRMAN, THAT CONCLUDES MY PREPARED STATEMENT. I WILL BE PLEASED TO ANSWER ANY QUESTIONS YOU OR THE COMMITTEE MAY HAVE.

DEPARTMENT OF STATE

FY 1991 BUDGET ESTIMATES

STATEMENT OF

JOHN R. BOLTON, ASSISTANT SECRETARY OF STATE

BEFORE

THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS

FOR

COMMERCE, JUSTICE, STATE, THE JUDICIARY AND

RELATED AGENCIES

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

MARCH 20, 1990

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

IT IS A PLEASURE TO APPEAR BEFORE YOU TODAY IN SUPPORT OF THE PRESIDENT'S FISCAL YEAR 1991 APPROPRIATION REQUEST TOTALLING $247,423,000 FOR UNITED STATES CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES. INCLUDED IN THIS SUM ARE FUNDS ($156,771,000) FOR PAYMENT OF CUMULATIVE U.S. ARREARAGES. IN DEFERENCE TO THE BUDGET CLIMATE, AS WITH THE ARREARAGES TO THE REGULAR BUDGETS OF THE INTERNATIONAL ORGANIZATIONS, ACTUAL OUTLAYS OF ARREARAGES WOULD TAKE PLACE OVER FIVE YEARS, AT TWENTY PERCENT PER YEAR.

MR. CHAIRMAN THERE ARE FIVE ACTIVE PEACEKEEPING FORCES INCLUDED IN THIS ACCOUNT:

THE UNITED NATIONS DISENGAGEMENT OBSERVER FORCE (UNDOF) WHICH ACTS AS A BUFFER BETWEEN SYRIAN AND ISRAELI TROOPS IN THE STRATEGIC GOLAN HEIGHTS AREA;

THE UNITED NATIONS INTERIM FORCE IN LEBANON (UNIFIL) WHICH SERVES TO HELP INHIBIT THE MOVEMENT OF WEAPONS AND ARMED ELEMENTS INTO AND THROUGH ITS AREA OF OPERATIONS IN SOUTHERN LEBANON;

THE UNITED NATIONS IRAN/IRAQ MILITARY OBSERVER GROUP (UNIIMOG) WHICH MONITORS THE CEASE-FIRE BETWEEN IRAN AND IRAQ

AND THE WITHDRAWAL OF FORCES TO INTERNATIONAL BORDERS. THE CEASE-FIRE MITIGATES THE NEED FOR A SIGNIFICANTLY ENHANCED U.S. NAVAL PRESENCE IN THE PERSIAN GULF TO ENSURE UNENCUMBERED PASSAGE OF OIL AND OTHER COMMODITIES AND GOODS;

THE UNITED NATIONS OBSERVER GROUP IN CENTRAL AMERICA (ONUCA), CREATED TO ASSIST IN THE IMPLEMENTATION OF THE PEACE PLAN DEVISED BY THE FIVE CENTRAL AMERICAN PRESIDENTS; AND

THE UNITED NATIONS ANGOLA VERIFICATION MISSION (UNAVEM) WHICH MONITORS AND VERIFIES THE REDEPLOYMENT AND COMPLETE WITHDRAWAL OF CUBAN TROOPS FROM ANGOLA.

IN MY EARLIER STATEMENT, I ADDRESSED THE SIGNIFICANT ASPECTS OF THE UN TRANSITION ASSISTANCE GROUP IN NAMIBIA. FUNDS ARE NOT REQUESTED FOR THIS FORCE SINCE ITS MANDATE EXPIRES MARCH 31ST.

IN ACCORD WITH THEIR AGREEMENTS AT ESQUIPULAS, TELA, AND SAN ISIDRO, THE FIVE CENTRAL AMERICAN PRESIDENTS ASKED THE UNITED NATIONS TO TAKE A PEACEKEEPING ROLE WITH RESPECT TO CENTRAL AMERICA. WITH THE SUPPORT OF MEMBER STATES, THE UNITED NATIONS MONITORS THREE ELEMENTS OF THE ESQUIPULAS AGREEMENT AND SUBSEQUENT ACCORDS: DEMOCRATIC ELECTIONS, REGIONAL AND INTERNAL SECURITY AND VOLUNTARY DEMOBILIZATION OF IRREGULAR

FORCES. VOLUNTARY FUNDING WAS PROVIDED FOR TWO COMPONENTS OF THE CENTRAL AMERICAN OPERATION: CNUVEN, THE UN MISSION FOR THE VERIFICATION OF THE ELECTIONS IN NICARAGUA, AND CIAV, THE INTERNATIONAL COMMISSION FOR SUPPORT AND VERIFICATION (A JOINT UN-OAS OPERATION TO ASSIST IN THE VOLUNTARY DEMOBILIZATION, REPATRIATION AND RESETTLEMENT OF IRREGULAR FORCES). FUNDED BY ASSESSED CONTRIBUTIONS IS ONUCA, THE UN OBSERVERS IN CENTRAL AMERICA, WHICH MONITORS THE NON-USE OF TERRITORY BY INSURGENT OR IRREGULAR FORCES TO ATTACK OTHER STATES AND THE CESSATION OF MILITARY AID TO INSURGENTS OR IRREGULARS AND HAS RECENTLY BEEN ASKED TO RECEIVE WEAPONS FROM NICARAGUANS WISHING TO DEMOBILIZE. THE SECURITY COUNCIL OVERSEES DEPLOYMENT OF THESE FORCES. THE EFFECTIVE UN PRESENCE IN CENTRAL AMERICAN WAS AN IMPORTANT FACTOR IN THE RECENT CONDUCT OF THE ELECTIONS IN NICARAGUA. THE CONTINUED PRESENCE THERE OF ONUCA AND OTHER UN INSTRUMENTS WILL BE OF MAJOR ASSISTANCE IN ASSURING A PEACEFUL TRANSITION TO THE CHAMARRO GOVERNMENT IN NICARAGUA AND THE RESOLUTION OF OTHER CONFLICT SITUATIONS IN CENTRAL AMERICA.

MR. CHAIRMAN, THAT CONCLUDES MY PREPARED STATEMENT. I WILL BE PLEASED TO ANSWER ANY QUESTIONS YOU OR THE COMMITTEE MAY HAVE.

DEPARTMENT OF STATE
FY 1991 BUDGET ESTIMATES
STATEMENT OF JOHN R. BOLTON
ASSISTANT SECRETARY OF STATE
BUREAU OF INTERNATIONAL ORGANIZATION AFFAIRS
BEFORE
THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS
FOR
COMMERCE, JUSTICE, STATE, THE JUDICIARY
AND RELATED AGENCIES APPROPRIATIONS

INTERNATIONAL CONFERENCES AND CONTINGENCIES

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I APPRECIATE THIS OPPORTUNITY TO APPEAR BEFORE YOU IN SUPPORT OF OUR REQUEST OF $8,200,000 FOR THE INTERNATIONAL CONFERENCES AND CONTINGENCIES APPROPRIATION.

THIS APPROPRIATION FUNDS OFFICIAL U.S. PARTICIPATION IN MULTILATERAL INTERGOVERNMENTAL CONFERENCES AND CONTRIBUTIONS FOR THE U.S. SHARE OF EXPENSES OF NEW OR PROVISIONAL INTERNATIONAL ORGANIZATIONS. THE FISCAL YEAR 1991 REQUEST IS FOR $8,200,000 IN NEW BUDGET AUTHORITY. THE PROGRAM LEVEL CONSISTS OF $2,900,000 FOR THE UNITED STATES SHARE OF CONFERENCE COSTS OF THE CONFERENCE ON SECURITY AND COOPERATION IN EUROPE AND THE CONFIDENCE AND SECURITY BUILDING MEASURES NEGOTIATIONS, $5,069,000 FOR OTHER CONFERENCE PARTICIPATION AND $231,000 TO PROVIDE FULL FUNDING FOR THE ESTIMATED U.S. SHARE OF THE ASSESSED CONTRIBUTIONS TO NEW OR PROVISIONAL ORGANIZATIONS.

MR. CHAIRMAN, THIS CONCLUDES MY STATEMENT. I WILL BE HAPPY TO ANSWER ANY QUESTIONS WHICH YOU OR MEMBERS OF THE COMMITTEE MAY HAVE.

ARREARAGES AS LEVERAGE

Mr. **Smith**. I am a little perplexed by the argument that you use. You just told us how you are going to use arrearages as leverage to get the kind of action that we want. If we did not have the arrearages, you could not use them as leverage, could you?

Mr. **Bolton**. Mr. Chairman, there is no doubt, in my own view, that the withholding of American contributions over the past several years has had a very salutary effect on the UN system; it has brought discipline.

It has not produced all of the reform that we have asked for, but it has produced a substantial amount. We are now in the position of asking the UN system, and really large parts of the system, to become involved in matters that are of the highest national importance to us; questions of illegal narcotics; questions relating to the environment; questions relating to terrorism.

We impose enormous burdens on different UN agencies. We asked the International Atomic Energy Agency, for instance, to ensure that nuclear materials are not diverted from peaceful use to weapons. We asked the World Health Organization to take the lead in a global program against AIDS. We asked others to do many things that are strongly in our national interest.

And there comes a time, having imposed our discipline, when we should, frankly, pay our bills.

Mr. **Smith**. Were we more effective when we did not have any arrearages and the Soviets did?

Mr. **Bolton**. I think that what has happened is that throughout the UN system there has been a growth in responsibility over the past several years. This is true in large measure—as I say, I agree with you—because of the financial stringency that it has been forced to go through.

But let me use the PLO membership campaign as a good example. As I have mentioned briefly and elaborated on more fully in my statement, we had no hesitation in using our financial leverage as a very powerful argument why the PLO should not be admitted to a number of UN agencies or why its status should not be enhanced.

Mr. **Smith**. Well, we could not have done that if you were not in arrears, could we?

Mr. **Bolton**. No.

What we were threatening to do was to withhold the current contribution. In other words, we just would not have paid anything to any of the organizations had they admitted the PLO.

But there is a corollary of that, it seems to me, Mr. Chairman. Having used the financial leverage, and we are quite open in saying that is what we did, and having obtained the results that we wanted, I think it is now incumbent on us to pay our bills.

Mr. **Smith**. You say that we want them to take more responsible positions. Which organizations are you talking about?

Mr. **Bolton**. A number of the specialized agencies, over the years, have gotten themselves involved in political issues.

Mr. **Smith**. Which ones?

Mr. **Bolton**. Yes, for instance, the prime example is UNESCO which we withdrew from.

Mr. **Smith**. Well, we agreed with you on that, and you withdrew.

Mr. **Bolton**. Yes.

And you will notice, Mr. Chairman, there is no request for a UNESCO appropriation this year.

Mr. **Smith**. So you are not changing your mind on that?

Mr. **Bolton**. No, sir.

Mr. **Smith**. All right.

Mr. **Bolton**. But there have been others——

Mr. **Smith**. What about the others; which others?

Mr. **Bolton**. The FAO, WHO——

FOOD AND AGRICULTURE ORGANIZATION

Mr. **Smith**. Tell us about the FAO.

Mr. **Bolton**. At the past governing council, this late fall and November, there was an effort by the PLO to enhance its status to get additional FAO programs intended to benefit the PLO, to demonstrate that the organization, in some sense, recognized the status of the PLO, as the PLO claims to be a state.

And there were other examples of that. We were able to cut back very substantially on what was being considered for the PLO, but not entirely.

Mr. **Smith**. Were they not the last organization to try that?

Mr. **Bolton**. Later in the year an effort was made in the General Assembly, in New York, as well, but the FAO was the last of the specialized agencies, yes.

Mr. **Smith**. So why are they considered the number one enemy then, if they were the last ones to do it?

Mr. **Bolton**. Well, they are not. There are a number of other problems that we have had with FAO over the years.

Mr. **Smith**. Tell us about those problems.

Mr. **Bolton**. The management structure is very top heavy in Rome. We felt that some of the cost cutting reforms that we have tried to insist on throughout the UN system had not been as thoroughly adopted there as in some of the others.

We, and many of the other donor countries have had enormous problems with budget growth within the FAO this past year. Donors representing over half of the FAO's total assessed contributions declined to join consensus on the budget. It is reflected in part by the management style of the Director General, with whom we and other major donor governments have had increasing difficulties and a host of other reasons as well.

Mr. **Smith**. What other organizations besides FAO are you talking about?

Mr. **Bolton**. There have been efforts at politicizing, for instance, the International Atomic Energy Agency, the World Health Organization, and certainly the General Assembly, itself.

WORLD HEALTH ORGANIZATION

Mr. **Smith**. Except for eradicating smallpox what has the World Health Organization done?

Mr. **Bolton**. Recently, the World Health Organization has been quite effective in a range of issues involving disease eradication and control in developing countries. The AIDS program that I mentioned, a few moments ago, is one of the U.S. Government's highest priorities.

Mr. SMITH. How have they helped?

I mean I do not know the answer; please elaborate on how they have helped.

Mr. BOLTON. They have done a range of things involving—beginning at the beginning really—finding out more about the prevalence of AIDS; about where it is located; doing research into how it is transmitted; looking at possible cures or ameliorative medical considerations that could slow the spread of it; thinking in terms of public education as well. It has been a program that we have supported directly through voluntary contributions and that we have been supportive of, along with many of the western European countries.

Mr. SMITH. Well, I went there with Mel Laird, and I was so disappointed. They spent most of the time arguing about whether or not they were going to distribute the morning communique in six languages instead of five, and I did not hear anything about health all the time I was there.

Has it gotten any better than that?

Mr. BOLTON. I think it has. I think that certainly through the work that the U.S. Government and some of the other donors have done, they have been responsive in a number of areas in attempting to keep the PLO from obtaining membership last year.

Dr. Nakajima the Director General, took a very strong public stand against having PLO membership. And, as I say, they have been——

Mr. SMITH. What has that done for health?

Mr. BOLTON. Well, it has, I hope, contributed to an understanding, a greater understanding by some of the member governments that it is inappropriate to try and politicize an agency like the World Health Organization.

One of the things that happened last year was that in a two-week governing council meeting of the World Health Assembly, we spent the entire first week fending off the PLO. That meant that entire week, a lot of work that could have gone to health and medical issues, had to be diverted to a political issue that had no place there.

And I hope that having achieved a successful result last year, member governments will come back this May and devote themselves to health and medical issues, rather than to political issues.

PEACEKEEPING ORGANIZATIONS

Mr. SMITH. You have a reprogramming request for $20.9 million pending for new peacekeeping organizations in Central America. Has that changed now since the election in Nicaragua?

Mr. BOLTON. If anything, Mr. Chairman, it has become more important for U.S. interests to have that reprogramming.

If I could describe a bit of the background?

Mr. SMITH. Certainly.

Mr. BOLTON. Basically, the levels that are going to be necessary for UNTAG, the UN Transition Assistance Group in Namibia, and for the UN Iran/Iraq Military Observer Group turned out to be considerably less than estimated. In just about an hour and a half, Namibia is going to become independent and the very successful UN operation there will be on the verge of coming to a close.

With the Iran/Iraq Military Observer Group, we have had success there in avoiding the requirement of having the Sixth Fleet patrolling the Persian Gulf. Since those amounts were lower than anticipated, we have asked to reprogram for ONUCA, which was one of the three organizations created by the five Central American presidents to help bring peace to Central America.

One of them, ONUVEM, together with the OAS and other international observers, recently did an excellent job in monitoring the elections in Nicaragua.

ONUCA was intended to——

Mr. SMITH. This is the peacekeeping organization?

Mr. BOLTON. This is the peacekeeping organization and it is the Spanish acronym for the United Nations Observers in Central America. ONUCA was intended, when it was first set up, to monitor cross-border assistance to irregular military forces, the idea being that it would observe assistance both to the Contras in Nicaragua and to the FMLN guerrillas in El Salvador.

With the election in Nicaragua, assuming that there is a peaceful transition to a Chamorro government, and that the Contras do voluntarily repatriate and reintegrate into Nicaraguan society, ONUCA has the possibility of performing two roles we think would be desirable.

One, it would continue to be able to monitor cross-border assistance, this time only to the guerrillas in El Salvador, which helps advance the policy objectives which administrations in this country have shared for a long time.

Mr. SMITH. Would it monitor cross-border assistance?

Mr. BOLTON. It would observe and attempt to detect, for instance, supplies, or shipments of military supplies to the FMLN.

Mr. SMITH. How would they do that?

Mr. BOLTON. What they have now in the three phases that have already been put into the field is the capability to patrol those areas along the border and throughout Central America that have been routes for the shipment of weapons into El Salvador.

Mr. SMITH. That is almost impossible, is it not?

Mr. BOLTON. Well, it is a very difficult task, and that is one of the reasons why we have looked at the possibility of expanding the size of ONUCA to make it more effective. There are other things that I cannot go into in an open hearing, but I would be happy to talk to you about in a closed session.

Mr. SMITH. I remember in Viet Nam, we destroyed all of the trees in a wide span, all the way across there, and that did not stop them.

Mr. BOLTON. I am not underestimating the difficulty of the task, but it is one that we think, particularly given the result of the election in Nicaragua, is going to have a very beneficial effect on our foreign policy interests in Central America.

UN TRANSITION ASSISTANCE GROUP

Mr. **Smith**. Well, you mentioned how successful it was in Namibia. And tell me, how it was so successful down there?

Mr. **Bolton**. Well, the results in Namibia, or the most extensive UN involvement in the transition from——

Mr. **Smith**. Right, as I remember, you had a reprogramming for $125 million?

Mr. **Bolton**. Right, to support the deployment of three augmented infantry battalions——

Mr. **Smith**. And when the two sides got ready to fight, it was all the peacekeeping force could do to defend themselves, was it not?

Mr. **Bolton**. Well, the peacekeeping force on April 1, of last year, which I think is what you are referring to, had not actually arrived in Namibia at that point, because we were still in the process of discussing in the Security Council how to keep the costs down.

But once it was deployed——

Mr. **Smith**. They did not fight either side, did they?

Mr. **Bolton**. Well, it really was the principal hope and purpose that the presence of UN forces in Namibia would discourage either the South Africans, or the People's Liberation Army of Namibia from launching further military offensives, so that the entire situation in the country would calm down and permit a neutral environment in which free and fair elections could take place. And I must say, for the all of the international observers who were in Namibia—and I was a part of Senator Muskie's delegations he led a presidential delegation from the United States to observe the elections—think the elections were carried out in conditions of valid integrity and security that are a model for the entire third world.

Mr. **Smith**. What does that have to do with the peacekeeping organizations?

Mr. **Bolton**. Well, I think that it was an essential precondition to an environment where free and fair elections could be held, that all of the interested parties knew that the military option was no longer there.

Mr. **Smith**. What countries furnished the troops for that?

Mr. **Bolton**. There were three battalions from Malaysia, Kenya and Finland. They were deployed in different parts of Namibia.

DEFERRED CONTRIBUTIONS

Mr. **Smith**. One more question.

As I understand it, you are on a different fiscal year than we are, than the UN. So if you pay in the last quarter of their fiscal year, it is in the first quarter of our next fiscal year, is that the way that you intend to continue?

Mr. **Bolton**. Well, this is not true for each and every agency, but for most of them, their fiscal years are the same as calendar years.

Mr. **Smith**. Right.

Mr. **Bolton**. Whereas our fiscal year, as you know, begins on October 1 of the preceding calendar year. So for instance, our fiscal year 1991 appropriations request, by and large, is intended to pay our calendar year 1990 assessed contributions to the UN system.

If the appropriation is in place by the beginning of our fiscal year, we would then be in a position in the fourth fiscal quarter for the UN, our first fiscal quarter to pay the assessed contributions.

Mr. **Smith.** I see.

Mr. Rogers?

BUDGET COMMITTEE SCORING QUESTION

Mr. **Rogers.** Mr. Bolton, on the UN request, have you had a chance yet to talk to the Budget Committee people about this?

Mr. **Bolton.** We have had some conversations with them. We have also had conversations with OMB. And they are, at what I am told is a very high level, going to be in touch with the Congressional Budget Office on this scoring question.

I think there are a couple of options, obviously. It could be written in statutory language where the pay-out of the arrears would be no more than 20 percent per year for five years. It has been suggested that an exchange of letters would make that clear.

I think we are amenable to whatever would satisfy the committee that the President's intention here, should the arrearages be appropriated, is not to outlay them at a rate greater than 20 percent a year, over a five year period.

For scoring purposes, it would not be more than 20 percent for any fiscal year.

Mr. **Rogers.** Has this matter come to the President's attention?

Mr. **Bolton.** It very definitely has and in his budget, as he sent it up, it is made clear that he wants, in effect, a one-time authorization and appropriation of all of the arrearages, but his clear intent was not to permit pay-outs at a rate greater than 20 percent a year.

This is, in effect, collapsing the six-year program which he endorsed in President Reagan's budget into a five year program because no arrearages were appropriated in the last fiscal year.

Mr. **Rogers.** As I have told you, we are going to be pretty well hamstrung by the budget resolution on this and this is a pretty good chunk in our budget authority.

And unless the budget resolution gives some recognition of this request, it is going to be awfully tough for us to deal with this thing, because of the 302 allocations.

FAO BUDGET REFORM

Let me follow-up on the FAO. Last year, your office told us that things were looking more promising for FAO in terms of budget reform, hiring of Americans, and program evaluations.

Now, we are told it is no better, in fact, can you say it is worse than it was?

Mr. **Bolton.** In certain respects, I think that is right.

Mr. **Rogers.** Well, is it time for us to back further away from FAO?

Mr. **Bolton.** We have been hoping that our decision to fund them only at the level of $18 million in the current fiscal year would be sufficient notice to them of our displeasure, that some of the reforms that we have asked for would be instituted.

And we have been in correspondence and in direct contact with the Director General in Rome on that point. I would be happy to supply the committee with the letter that I recently wrote to the Director General laying out what our concerns were and explaining the reason for the minimal U.S. contribution.

[The following information was provided for the record.]

ASSISTANT SECRETARY OF STATE
WASHINGTON

January 3, 1990

Dear Mr. Director General:

The United States is forwarding to FAO through the usual procedures a payment of $18 million toward our 1989 assessment.

Both the recently completed review of FAO and the just concluded 25th session of the Conference suggest some steps FAO should take if it is to achieve its full potential and retain the confidence of its membership. The United States continues to believe that FAO can contribute significantly to the solution of global food and agricultural problems.

Budget

As we said at the Conference, we believe the 1990-91 budget which you presented and which the Conference approved is unrealistic. It failed to win the support of members who will be expected to provide over one half of the resources required. The increase in the FAO budget consists of cost increases some of which were not fully explained, and an unjustified real growth increase due in part to the reduction in the "lapse factor".

Given the fact that, as in the past two biennia, actual resources will fall short of budget estimates, FAO will be making decisions about which activities need to be funded at what level. The United States takes seriously the need to adjust budgets to the realities of resource availabilities. We worked hard during 1989 to participate in open dialogue with FAO and its members as the budget was formulated. In that same spirit, we urge that the organization show members:

-how scarce funds will be allocated;

-the process and criteria used to set priorities; and

-the efforts to control and cut costs.

Dr. Edouard Saouma,
Director General,
Food and Agriculture Organization
of the United Nations,
Rome, Italy.

In addition, we strongly urge you to reexamine the "lapse factor" issue for future consideration and decision by the Finance Committee.

Finally, we are sure you agree that continued repetition of the divisive budget votes of recent Conferences is not in the long-term interest of either FAO or its membership. We believe FAO should move to a procedure which results in a budget all FAO's members can support by consensus decision. We urge you to move in this direction for the 1992-93 biennium. These actions should include identifying and phasing out lower priority activities and consulting with members regarding budget levels. In this connection, I am certain you, as well as we, will want to discuss how FAO can better serve the world trading community by furthering its support of GATT activities.

Reform

As we have said, the U.S. had hoped FAO would have taken more advantage of the findings of the two-year review effort. Nonetheless, we consider the consensus resolution adopted at the Conference, and the specific recommendations contained in the Experts' Reports and the SJS Report to be a worthwhile beginning to a process of self-renewal for FAO, similiar to that occuring elsewhere in the UN system.

We believe that a number of important recommendations can be implemented without significant additional costs, or only those costs associated with re-allocating personnel, functions and responsibilities within the organization. We look forward to your moving rapidly to implement these recommendations.

Other recommendations may carry some real short-term costs, to the long-term benefit of FAO. We hope that you will give these the highest priority in the budget for this biennium.

As was also noted in the consensus resolution, there are a number of areas where further attention and effort are needed. Prominent among these are FAO's organizational structure (headquarters and field), management processes and decision-making.

We expect that provision will be made in the agendas of the Program and Finance Committees and the November 1990 Council for a review of progress in implementing the consensus resolution.

The U.S. understands that FAO has already received offers for extra budgetary resources to finance some additional work. We hope you will accept these offers and implement the further studies that the SJS and Experts Reports suggested.

Politicization

We recognize that you share our concern about the politicization of FAO which resulted in the adoption of the resolution on technical assistance to the Palestinians approved at the 1989 Conference. The resolution was passed after the budget was approved, with no budget allocation for the proposed activities. We will be interested to hear your plans to minimize the chances that FAO will become further politicized and endanger even more the support of all its members. We would hope that FAO's implementation of the resolution will reflect the assurances given by the sponsors of the resolution, that their intent was not to introduce a political issue, but to assure provision of technical assistance to the Palestinians. FAO should explore with the Government of Israel how FAO could most effectively contribute to a non-political, technical study of the agricultural conditions in the West Bank and Gaza. Such a study (the results of which might result in valid technical assistance programs for the Palestinians) could be used together with your public statements to defuse the political passions aroused by the debate in Conference.

Recruitment

We appreciate the increased dialogue and your personal efforts on recruitment of Americans, and look forward to the recruitment mission set to arrive in January. We also look forward to further improvements in the representation of Americans in FAO.

As the new year appproaches, one cannot help but be struck by the daring changes occurring all around us. The United States wants to see an FAO prepared to contribute to the fullest ~~in~~ this new environment. Through your leadership, that can happen. I look forward to a continued candid dialogue with you on these issues.

Sincerely,

John R. Bolton
International
Organization Affairs

Mr. Bolton. I should say that amount of $18 million is the amount necessary to preserve our vote; if we fell further behind, we would be subject to losing our vote.

And it is in hopes that the FAO will improve dramatically that we have requested full funding of our assessed contribution for fiscal year 1991 to leave open the possibility that we could fund them fully.

I think, as with any of the UN agencies, if there are continued problems we have to evaluate what our position is going to be on a continuing basis. It is a difficult budget climate for everyone and I think, to be responsible, the administration has to be in a position to say that our work in these organizations is sufficiently important to our national interests to justify that.

Mr. Rogers. Well, they were supposed to be hiring more Americans. And supposedly up to 20 percent of the open positions would be for Americans. Has that been lived up to?

Mr. Bolton. No, they are not at that level yet.

Mr. Rogers. They were going to reform their budget process; have they done that?

Mr. Bolton. No, that was a major subject of our disagreement with them at this last general conference.

Mr. Rogers. They were supposed to be willing to undergo an evaluation of their role and the core objectives of the FAO; have they done that?

Mr. Bolton. Not entirely to our satisfaction at this point, no.

Mr. Rogers. Well, what makes you think that this director general, who has been there over a decade, and has been described as a little dictator, what makes you think that he, all of a sudden, is going to see the light and be reasonable to our requests?

Mr. Bolton. Well, I am hoping that the fact that they found themselves with only a U.S. contribution of $18 million, or approximately $43 million short of what they had expected. And we are hoping that the lack of that $43 million speaks sufficiently loudly that some of these reforms will be undertaken.

FAO PERSONNEL

Mr. Rogers. This may be a little bit off the subject, but it may be worth pursuing.

There have been some reports that the Director General does not treat even his staff in a humane way. Is there any accuracy to those reports?

Mr. Bolton. I am going to try to answer your question and still retain some vestige of being diplomatic.

This is going to be a sore point. There are a number of complaints—and not just from the United States, but from many of the donor governments—about the way in which the Director General runs the organization, with respect to both how he treats his personnel, how he treats member governments and what he does with the organization's program.

There was a very good article in Economist a couple of months ago that commented on a number of the criticisms of the Director General, which I think were well taken.

Mr. ROGERS. What is the process of changing that Director General?

Mr. BOLTON. Well, his term expires in another 3 years. He has just been reelected. This is his third term. The United States normally has a policy of not supporting any candidate for longer than two terms as Director General and all the evidence in FAO indicates that policy is correct.

Mr. ROGERS. Did we support him the last time?

Mr. BOLTON. No, we did not.

Mr. ROGERS. Well, would it not send a message to him if we simply zeroed out our contribution for a while here, until things get straightened out, and not allow you any discretion in that?

Mr. BOLTON. I can tell you from conversations I have had with others of your colleagues up here that there might be some opposition to that point of view. I think what we have tried to do, though, to answer your question, is to make it clear throughout the U.N. system that we are very serious about these reforms, we are very serious defenders of the American taxpayer and that we see practices that we do not like. We have to consider our role, typically, as the largest contributor in these organizations and use that financial significance. We do not have a veto in the specialized agencies, unlike the Security Council, so sometimes it is hard to have our voices heard. But I can certainly promise this committee that we will not be shy about using the financial impact.

Mr. ROGERS. What percent of the FAO budget do we provide?

Mr. BOLTON. Of the assessed budget, 25 percent. There are a few organizations where there are lower assessment levels, but 25 percent is the fairly standard U.S. assessed share.

Mr. ROGERS. How much money is that?

Mr. BOLTON. The request last year, as I mentioned, was just over $60 million. The request for 1991 is $70,293,000, representing one-quarter of the budget.

FY 1990 PEACEKEEPING FUNDING SHORTFALL

Mr. ROGERS. Now, on the peacekeeping request, we had to cut last year from this request. Can you tell us what impact that had?

Mr. BOLTON. The request last year was $30 million higher than what was actually appropriated. With the reprogramming that we have sent up, what we have tried to do is allocate all of that shortfall to UNIFIL, the U.N. Interim Force in Lebanon. If the reprogramming were to go through, the savings that I mentioned from Namibia and Iran-Iraq, would basically permit us to make up the just under $21 million cost of our share of ONUCA and also put in a little bit more, about another just about $6 million to the amount that we had allocated for UNIFIL, the Lebanon force. That would still not be up to our assessed level. What we tried to do, of the five peacekeeping operations funded from this account, is consolidate all of the shortfall in UNIFIL, so that the others would be fully funded.

Mr. ROGERS. Okay. Thank you.

Mr. MOLLOHAN. [PRESIDING].

Mr. Regula?

ORGANIZATION OF AMERICAN STATES

Mr. **Regula**. Thank you, Mr. Chairman.

Thank you for coming. I have several questions for the record and I will put those in the record, but there are a couple I would like to ask.

In the State Department Authorization Act, a provision was included calling for a reorganization study of the department. The language also requested that the feasibility of transferring management of U.S. relations with the OAS to the Bureau of Latin American Affairs be included in the study. Do you have a position on this issue at this time?

Mr. **Bolton**. I do not think that study is concluded, but the responsibility for the OAS really is shared between the Latin American Bureau, which has the principal policy oversight, and the International Organizations Bureau, which handles the budgetary contributions for the OAS in two accounts, one this Committee handles and the other, the IO&P account, in the Foreign Operations bill We work together with the Latin American Bureau, but I would say the vast bulk of the responsibility is theirs already.

Mr. **Regula**. But the study is not completed?

Mr. **Bolton**. I do not believe so.

OAS PERSONNEL

Mr. **Regula**. The financial situation of the OAS continues to decline. In 1989, there was a mass exodus of employees, some who volunteered and others who were volunteered on their behalf. Of the staff cut back in 1989, how many Americans are still in the OAS?

Mr. **Bolton**. Congressman, that question I am afraid I cannot answer, but our Ambassador to the OAS, Ambassador Einaudi, is here and perhaps I could ask him if he knows the answer to that.

Ambassador **Einaudi**. Thank you, Congressman. We are now at the level of about 15 percent of all personnel and 20 percent of the professional staff in the OAS. I think that amounts to something like 74 U.S. citizen professionals.

Mr. **Regula**. What was it before the exodus?

Ambassador **Einaudi**. I think it was roughly similar. We may actually have lost maybe 2 percent. We may have been as high as 17 percent overall, we are now at about 15 percent, including the nonprofessionals in that figure.

OAS POLICY-MAKING

Mr. **Regula**. Well, one of my concerns is that the people who are left were not policy-makers and so that we have fewer Americans in the policy-making responsibility, and yet we are paying a large share of the budget.

Ambassador **Einaudi**. We certainly are. One of my major objectives, actually, has been to support the American citizen employees of the organization. When I was sworn in, I invited them all to my swearing-in as an act of support and morale-building for them and we have been quite active in discussions with the Secretary General, to try to assure that U.S. citizens are considered.

We still have, I think, a reasonably good representation in the administrative side of the organization, but I think that it is important for us to make sure that our influence is felt throughout.

Mr. **Regula**. I would think we would want our share in policymaking, too.

Ambassador **Einaudi**. We certainly do. Returning to the amount we spend, if I may make two comments about that, sir: One is that I think the entry of Canada this year to the organization is a major potential step forward, not only in terms of the morale and activities of the organization, but possibly also in terms of enabling us to finally get a handle on the question of quotas and of our ability to reduce our proportionate share and our proportionate expenditure.

The other comment I would make is that you were correct when you said earlier that there really was a critical financial situation at the OAS. It is critical, and it has shown that we have started to use the OAS, to turn to it, not always with success—they opened the door for Noriega, but they were unable to force him to go through it, and that left us holding the bag. On the other hand, as Secretary Bolton has pointed out, they did a good job in the Nicaraguan election observation. In effect, the famous OAS legalisms were part of what tied up the Sandinistas in knots, so that they were not able to get out from under the results of the vote.

Initiatives are hard to take when the financial situation is critical because they do not have any flexibility. They do not have any——

Mr. **Regula**. The OAS does not have?

Ambassador **Einaudi**. That is right, the OAS does not have cash reserves that would enable them to act without outside funding, for example, to move right now to put in the kind of electoral observation that Haiti, for example, needs very badly with its current change of government.

NICARAGUA ELECTIONS

Mr. **Regula**. How did the OAS role differ from the U.N. in the Nicaragua election?

Ambassador **Einaudi**. The OAS and the UN coordinated and were really very similar. The OAS did differ in the sense that it went in early to put in the infrastructure. They opened offices in all nine of the electoral regions and ultimately wound up getting some 433 or 436 observers into Nicaragua for the election. The U.N. number was 250 and the U.N. used much of the infrastructure that the OAS developed.

Another difference is also interesting. This is the difference between the world global organization and the regional organization. The U.N. put in some very able people who had experience elsewhere in the world, for example, in Namibia. The UN represented a universal approach.

The OAS observers were all local people, Latin Americans and Caribbeans who were able to understand and coordinate closely with the Nicaraguan electoral tribunal. They were able, I think, to influence, particularly in January and February, as the election went on, a little bit fairer application of the laws and better police protection, so that the kind of intimidation that the Sandinistas had been engaging in in December was made a bit harder.

CUBAN REENTRY INTO THE OAS

Mr. REGULA. It is my understanding that Cuba would like to rejoin the OAS and has approached several member nations. It is also my understanding that the current Secretary General looks favorably on Cuba's reentry. What is the status of this, and is this an accurate understanding?

Ambassador EINAUDI. You are certainly right about the first part. Most indications are that the Cubans are interested. There are Cuban diplomats from the interest-section here who hang out over at the OAS building now, watching the committee meetings and the Permanent Council sessions. Last fall, when the G-8, the major Latin American coordinating group, issued a statement favorable to Cuba's reentry into the OAS, the Cuban Foreign Minister, in quite an unusual act, invited the Latin American Ambassadors in Havana in to tell them, yes, indeed if you are interested, Cuba is interested.

I am not sure where the second half of that stands. The OAS Secretary General is a very gifted and careful Brazilian diplomat. Brazil is a member of the G-8. They have made very clear, I think, that they would, in principle, like to see Cuba back in. I think the Secretary General is not at odds with that position, but I also think he would accept the position of the majority if it were different.

The U.S. position is very clear. We think it would be lovely to have an internally democratic and internationally lawful government of Cuba represented in the OAS. If the current government were to change its spots, we would welcome it. Until they do, we are strongly opposed to Cuba's participation.

CANADIAN ENTRY INTO THE OAS

Mr. REGULA. What has been the impact of Canada's entry into the OAS? You touched on that. Does that change our share and does that change our share of the cost?

Ambassador EINAUDI. Not automatically. In fact, Canada's entry has created a bit of a secret row, because they were applied the same formula that has been historically applied in the OAS to countries since 1949 at the founding of the OAS in its current form. As a result, Canada is paying less than Argentina and less than Brazil. Both of those countries have said, all right, the Secretariat told them they did not have to pay a certain amount, so that is what we will bill them for now. But we had better change the quota formula. As I said, I think that a reduction in the U.S. proportionate contribution is in our interest. I think Canada's entry will enable us to do what we have been trying to do for 10 years, but which the extent of Latin America's economic crisis has hindered; negotiating a more balanced quota system.

In terms of the broader impact, let me say that it is not clear yet what the broader impact of Canada's joining will be. They are building their mission here very slowly and very cautiously. We share the hope that the OAS has turned the corner, that having become quite inactive in a number of areas, the OAS is resuming a leading role. Part of the problem had been a feeling that the OAS was unable to deal with the security issues. Even today, in Central America, the bulk of the peacekeeping issues are being handled by the U.N. But the OAS is increasingly present in these crisis areas.

In fact, sir, if you will allow me, let me show you this T-shirt. The letters "O-E-A" mean OAS in Spanish. This shirt is that of the OAS observers and, as I said, they were the largest number of observers in Nicaragua. After her victory, Violeta Chamorro said you can keep them, the election is over but the transition has not happened yet. How many observers can we keep? The Secretary General said, "Well, maybe I can keep 50." Violeta Chamorro said no, I would like 80. Well, the fact of the matter is, I think they are going to be able to keep maybe 25 or so, because the money just is not there. We do not have deep pockets forever, either.

What is interesting about the shirt, though, is that this shows how the OAS can be different from the U.N. The OAS has been there before. The letters OEA mean something. In Nicaragua the observers were a symbol of impartiality and fairness and managed I think to diffuse a lot of tension. That is an important thing, and I am looking forward to seeing that continue with Canada entering. Canada is a democracy, it is interested in human rights.

The strongest single OAS body, in my opinion, is the Human Rights Commission, which has done good work across the board, left and right. I am hoping that the second century of the OAS will be one where they are present politically in support of democracy, helping us to take advantage of the democratic trend.

Mr. REGULA. What is the U.S. assessment?

Ambassador EINAUDI. $40 million.

OAS ROLE IN HUMAN RIGHTS AND DRUGS

Mr. REGULA. Do you see the OAS with a large role in human rights and drugs?

Ambassador EINAUDI. Definitely, and a growing role on drugs. Drugs and the environment are more than just new issues. They are quintessential multi-nation issues. You cannot get at them one nation at a time, or bilaterally. To me the OAS can take pride that, at the President's Summit in Cartagena, Colombia, in February, some of the bilateral agreements signed for instance, on precursor chemicals and drugs, had been prenegotiated in the OAS regionally.

OAS ECONOMICS

Mr. REGULA. Economics?

Ambassador EINAUDI. Not so much and not so well. The OAS is basically a political body, as it has worked. It does have an economic council, but that was mainly used in the days of American aid and its distribution, and we are, I think rightly, moving more and more away from aid to governments.

There is one area where I think the OAS has an important economic role and that is trade. The OAS runs a trade information system that IBM helped install, which enables companies to come and pull up on a computer what different markets, prices, availabilities are. It has one difficulty, from our standpoint. It is mainly good for Latin Americans seeking to ship into the American market. The data is not as good on the Latin American markets, but that is something that we have started to talk with them about and it is something that I would like to see turned into more of a two-way operation.

Mr. **Regula**. Thank you, Mr. Chairman.

Mr. **Mollohan**. Thank you, Mr. Regula.

Thank you, Mr. Bolton. We appreciate your testimony here today and will have some questions that we will submit for the record.

Mr. **Bolton**. Thank you very much.

[The following questions were submitted to be answered for the record.]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

General Questions

QUESTION: What has been the impact of Section 614 on these appropriation items, and what would be the impact on these accounts if Section 614 is not repealed?

ANSWER: Because of the Section 614 limitations, the CIO account now is able to meet only approximately 75 percent of overall requirements. To minimize the effects of the shortfall on as many organizations as possible, we have sought to fully fund the smaller organizations which generally have little or no flexibility in sustaining a lower U.S. contribution level. Under the Section 614 level, and subject to fluctuations in exchange rates, we estimate that 37 of the 46 organizations in the CIO account would be fully funded. Organizations which cannot be fully funded include the UN, IAEA, WHO, ILO, UNIDO, FAO, OAS, PAHO and IICA.

These Section 614 shortfalls add significantly to the continuing cash flow difficulties of the organizations and severely undermine the President's personal commitment to honoring U.S. financial obligations which is so clearly indicated in his FY 1991 budget submission. It is ironic that this should happen just as the peacekeeping potential of the UN is so effectively serving critical U.S. foreign policy interests, there is growing recognition of the need for the UN system to address transnational problems regarding narcotics and the environment, and the reforms we have sought are beginning to be implemented. The nearly $464 million identified for payment of arrearages in our FY 1991 budget request would grow to some $593 million, or $129 million more than is currently projected. At this rate of growth, our arrears would begin to approach the amount required in FY 1991 for current assessments (approximately $695 million).

QUESTION: I understand that you require an additional $474.8 million in authorization to support this budget request. What is the status of the authorization request?

ANSWER: The Department has submitted a request for Supplemental Authorization for 1991 for this appropriation. Hearings have been held in the House and we understand that mark up of this bill is nearly completed.

QUESTION: Your budget request includes an increase of $402.7 million to pay arrearages in the Contributions to International Organizations account and an increase of $156.8 million to pay arrearages in the Contributions for International Peacekeeping Activities account. Given our enormous budget problems, why have you decided to request all of the funds to pay the current assessments for FY 1991 as well as all of the arrearages?

ANSWER: The increase in the FY 1991 request represents the President's strong commitment to honor U.S. financial obligations to international organizations and restore U.S.

credibility in maintaining reform efforts and promoting programs of importance to the U.S. Congress, too, in report language accompanying legislation last year, emphasized its support for meeting U.S. multilateral obligations. The amount requested for arrears in the Contributions to International Organizations (CIO) account is $463.595 million.

Mounting U.S. arrearages over the past several years, even as the UN and other international organizations have been meeting our reform objectives, means loss of U.S. credibility as a serious participant in the organizations, and puts reforms gained at risk.

Last year we kept the PLO out of a number of international organizations by noting that the inevitable result of their admission would be the withholding of our assessed contributions. We succeeded in every instance. For us now not to pay our assessed contributions would be a breach of faith that could harm us irreparably.

The Soviets are rapidly repaying their arrearages in the UN system, and thereby just as rapidly gaining increased influence. The U.S. must start paying its arrearages, or risk finding the Soviet Union far more influential than it is now.

The FY 1991 request signals a reversal of this trend and assigns priority to an area which this Administration considers to be a major element of U.S. foreign policy.

The requested funding for arrears would be paid at a rate of 20 percent per year over five years and would go toward activities that are mutually acceptable to the U.S. and the organizations concerned.

QUESTION: We have checked with the Budget Committee and CBO and they are scoring this request at the full outlay level which is approximately 98 percent of the budget authority request. The request has been scored this way in accordance with the Budget Act which prohibits the deferral of obligations to subsequent years except for policy reasons. Therefore, your proposal to obligate no more than 20 percent of the appropriation each year for the next five years will not be allowed. What would you propose as an alternative?

ANSWER: We believe there must be some misunderstanding about the President's proposal for arrearage payments. For policy reasons, it is important to have the unmistakable expression of U.S. commitment to payment of our arrearages which an appropriation of the full amount this year would provide. However, there also are strong policy reasons for not obligating and expending the funds requested for arrearage payments at a rate of more than 20 percent per year.

The President is committed to meeting our obligations and restoring finanacial stability to the United Nations and other international organizations. In doing this, however, the Budget in Brief (p. 6) indicates that, "The arrearage payments will not be allowed to result in abandonment of the practices of fiscal restraint and the focus on priorities which have been instilled by the recent period of cash flow shortfalls." This statement reflects our concern that there are compelling policy reasons to space out over a period of years the obligation and expenditure of the funds requested for arrearage payments; paying the total of our arrearages all at once to an organization could undermine the reforms we have worked so hard to achieve.

This policy decision to spread out over a period of five years is expressed in the proposed appropriaton language which provides that the arrearage payments "shall be directed toward special activities that are mutually agreed upon by the United States and the respective international organizations." The FY 1991 outlay projection for the account is a further clear expression of this policy decision to obligate and expend funds requested for arrearage payments at no more than 20 percent per year.

QUESTION: The Secretary of State said in his statement to this Committee that payment of the arrearages would be directed to "special activities." What are these special activities?

a. If the U.S. pays all of its arrearages, would these funds be used to reduce the annual assessments of the other member states in these international organizations?

ANSWER: The payment of arrearages will go toward activities that are mutually acceptable to the United States and the international organization concerned. Account would have to be taken of the financial regulations of the respective organizations which, in some cases, would require that a portion of the payment go toward replenishment of depleted reserves (e.g., Working Capital Fund). In all cases, and before any arrearage payments are made, we would consult with the respective organizations and consider carefully all activities on which agreement can be reached. In such consultations we will assure that U.S. arrearages are not passed on to other members in the form of reduced assessments.

QUESTION: How are the UN and other international organizations doing in implementing the reforms in the budget process which the U.S. negotiated a few years ago?

ANSWER: With the exception of the FAO, progress has been achieved on the reforms we sought. In general, budgets have been approved by the consensus based decision-making process which ensures that major donors have significant influence in determining the size and composition of the approved budget. With few exceptions, the approved budgets have reflected either zero or negative growth, in real terms, from the previous budget period. Also, the approved budgets reflect administrative improvements to minimize overhead costs in execution of work programs.

The adoption last December of the 1990-91 UN program budget is a highly visible example of the progress achieved in implementation of budgetary and administrative reforms. The 1990-91 UN budget, which reflects negative real growth, was adopted by consensus of member states following the procedural steps called for under resolution 41/213. The budget reflects also various administrative reforms undertaken in recent years by the UN, including progress toward achieving the 15 percent overall reduction in Secretariat staff and the 25 percent reduction in high-level Secretariat posts. A key reform measure, the provision of a contingency fund to cap budget add-ons, was also approved by consensus for the 1990-91 biennium.

Notwithstanding the reforms already achieved, we recognize clearly that much still needs to be done and will continue to press for further progress as an on-going policy matter.

QUESTION: Your budget request for FY 1991 for the FAO includes an increase of $113.1 million to pay all of the arrearages and also includes an increase of $40.8 million to pay the full 1991 assessment. Are you assuming that the budgetary reforms that you have been seeking from FAO will be implemented in time to pay the FY 1991 assessment?

ANSWER: While we are not making assumptions about developments in FAO, we believe it is necessary to be prepared to respond appropriately if the reforms we have sought begin to be implemented. While clearly not enough yet, there has been some progress in the area of budgetary reform. In particular, during 1988, FAO agreed to submit a budget outline, with program priorities, to the joint program and finance committees for consideration. This budget outline process will continue in January 1991, when the committees consider the 1992-93 budget.

QUESTION: In your statement you refer to a concept called "UNITARY UN." Please give us some more details about this concept, and what advantage it could provide in dealing with the United Nations.

ANSWER: The Unitary UN concept provides us with a new basis to deal coherently with the UN on both policy and budgetary grounds. This concept, which requires us to look at the UN system as a whole, gives us the capability of reducing overlap, redundancy, and obsolescence in international organization programs, activities, and conferences. We seek to ensure a UN system that is more rationally organized, cost-effective, and responsive to the interests of member governments by 1) adhering to the original intent underlying the creation of each UN component, thus limiting empire building and redundancy, and 2) by strengthening existing machinery rather than creating new agencies and programs. We seek to shift funds away from bloated HQ staffs to the field, where appropriate, and away from repetitive conferences and non-essential publications to focused research and projects in high priority areas like drugs or terrorism.

QUESTION: Your budget request for the Organization of American States includes $38.3 million to pay the full arrearages but also reflects a reduction of $3.5 million in the assessment for FY 1991. What is the reason for the reduction for FY 1991?

ANSWER: The decrease reflects the net amount of various adjustments in our overall requirements for the OAS. The primary adjustment is a downward estimate of the amount required for tax reimbursement. This follows a 30 percent cut in OAS staff which occurred in 1989.

QUESTION: You are requesting an increase of $72.9 million in the assessment for FY 1991 for all of the international organizations. How much of this increase is for inflation and other mandatory cost increases, and how much of it is for program increases?

a. Please describe the program increases and how much for each.

ANSWER: The FY 1991 budget request represents the combined annual requirements estimated for 51 international organizations. The estimates are based on all organizations' approved or estimated budgets which will vary according to budget period (i.e., calendar dates and length of period), effective exchange rates, inflation estimates, mandatory cost increases (i.e., post adjustments which vary by location) and real program growth, if any. Accordingly, there is no single, common indicator of inflation, mandatory costs or program growth/decline that would relate to the FY 1991 request as a whole.

By far the largest part of the increase (some $40.8 million) relates to FAO. For policy reasons, the FY 1990 appropriation shortfall was assigned to FAO. This meant that the FY 1990 level for FAO was less than half of total requirements, whereas the FY 1991 level for FAO would provide for full funding if we are satisfied with FAO's implementation of reforms.

QUESTION: What was the rate of inflation that was used in formulating the FY 1991 assessment for the international organizations?

ANSWER: There is no single or common estimate of inflation reflected in the FY 1991 budget request for the CIO account. The request reflects estimates of total U.S. assessments for 51 international organizations which, in turn, are based on the organizations' approved or estimated budgets. Moreover, the individual approved budgets represent an array of factors, of which inflation would be only one consideration; also, it should be noted that those organizations which have offices at locations away from headquarters would have to take account of several inflation estimates, depending on the geographic location of their offices. As an example, the UN alone has 9 separate estimates for inflation included in its 1990-91 program budget to reflect the varying economic conditions in its geographically dispersed offices.

Estimates for inflation are important considerations in evaluating the budgets of individual organizations and, indirectly, would affect the overall amount included in our CIO account request for FY 1991. However, there is no single, common estimate for inflation that would be representative for the budgets of 51 organizations in the CIO account.

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

Contributions to International Peacekeeping Activities

QUESTION: What is the difference between the ONUCA peacekeeping force and the CIAV, the International Commission for Support and verification, which as I understand it is a joint UN-OAS operation to assist the voluntary demobilization, repatriation, and resettlement of irregular forces?

ANSWER: The International Commission for Support and Verification, known by its Spanish initials CIAV, is a joint operation of the UN and the OAS established at the request of the Five Central American Presidents after their meeting at Tela, Honduras on August 7, 1989. Following negotiations with the concerned authorities in the region, CIAV's tasks are A) to receive and keep in custody until final disposition the arms, equipment, and military supplies from members of the Nicaraguan Resistance who voluntarily decide to demobilize; B) to take responsibility for the distribution of food, medical attention, clothing and other basic necessities to these demobilized Nicaraguans; to establish reception centers capable of providing basic services for them; C) to provide repatriation assistance such as documentation and transport of demobilized Resistance members and their families to their place of final settlement; and D) to establish follow-up offices to guarantee the necessary security for repatriated persons. CIAV is currently drawing up plans for operation both inside Nicaragua (to be handled by the OAS) and outside (the responsibility of the UN and subsidiary bodies).

ONUCA, the UN Observer Group in Central America, was established by Security Council Resolution 644 on November 7, 1989. Its mandate, as requested by the five Central American presidents, was to serve as the impartial machinery for on-site verification of the Esquipulas II agreements, namely cessation of aid to irregular forces and insurrectionist movements operating in the region and the non-use of the territory of one state for attacking others. It is therefore concerned primarily with monitoring cross-border arms supply, such as that provided by the Sandinistas in Nicaragua to the FMLN insurgents in El Salvador. It consists of 260 unarmed military observers, plus support personnel, at thirty-three verification centers (located as close as possible to sensitive areas where violations might occur) who carry out regular patrols by vehicles, helicopters, and -- in the Gulf of Fonseca and certain other costal areas -- by patrol boats.

In his letter of August 28, 1989, reporting to the Security Council on the establishment of CIAV, the Secretary-General noted that "the question of demobilization as such concerns the Security Council particularly, since it is an operation of a clearly military nature,...not a task which can be taken on by civilian personnel of the United Nations no matter who they may be. In the view of the Secretariat," he added, "this task should be entrusted to military units equipped with defensive weapons. The launching of such an operation is clearly within the competence of the Security Council." In response, the Security Council President informed the Secretary-General on September 20, 1989, that the members noted with approval the steps he had taken and "welcome(d) with satisfaction (his) intention to ask the Council to adopt in due course the measures needed to establish the military component of CIAV."

The Secretary-General reported again to the Security Council on March 15, 1990, requesting authorization for additional responsibilities for ONUCA to enable it to play a role in the voluntary demobilization of the members of the Nicaraguan Resistance both inside and outside Nicaragua. The United States actively supported this proposal. On March 27, the Security Council unanimously approved this new task -- to receive weapons turned in by members of the Resistance -- which will require deployment for two-three months of an armed battalion of light infantry, to be provided by Venezuela. By establishing this second, armed element of ONUCA, the Security Council has in effect moved the military aspect of CIAV's responsibilities to the UN peacekeeping force already present in the region.

QUESTION: In the past the Committee has raised numerous questions about the effectiveness of the varied peacekeeping forces. What is your assessment of the effectiveness of each of the peacekeeping forces?

ANSWER: We believe that UN peacekeeping operations play a significant role in reducing or containing tensions and that their continuation is therefore important to U.S. interests.

The UNTAG operation, which has just ended in Namibia, was singularly successful in assuring a peaceful transition to independence for that country under a constitution that is generally considered to be the most democratic document on the continent. Similarly, in Nicaragua, the presence of ONUVEN observers under former Attorney General Richardson played a major role in ensuring exercise by the people of Nicaragua of their right to free and fair elections. In the Middle East, UNIFIL plays an important role in facilitating the security of southern Lebanon. In the Iran-Iraq conflict, UNIIMOG forces enabled the attainment and continuation of a cease-fire, ending one of the bloodiest wars of recent history. In Cyprus, UNFICYP plays an important role in keeping inflamed passions from reigniting a conflict by preventing incidents between the two communities. In Afghanistan, UNGOMAP accomplished its task of verifying the withdrawal of Soviet troops from the country. As its mandate expired, UNGOMAP was disbanded on March 15. The UNAVEM operation is continuing to monitor the withdrawal of Cuban forces from Angola and will remain in place until the last Cuban troops leave. The UNMOGIP observers in Kashmir contribute to a lessening of tensions between India and Pakistan in that disputed territory. Also, the UNDOF observers on the Golan Heights help maintain tranquility along a potentially dangerous area separating Israeli and Syrian forces until a comprehensive settlement can be achieved.

In conclusion, we believe that UN peacekeeping forces have played an outstanding role in supporting our own objectives of getting warring parties in regional conflicts to find peaceful means to settle their differences, limiting direct superpower involvement in regional conflicts, facilitating withdrawals of foreign forces, and providing a buffer in conflict situations where a negotiated solution has not yet proved feasible.

QUESTION: One of the peacekeeping forces which the Committee has had the most questions about is the United Nations Interim Force in Lebanon (UNIFIL). I believe that the Israeli Government also had some questions about the effectiveness of this peacekeeping force. What is the current attitude of the Israelis toward UNIFIL?

ANSWER: Israeli attitudes toward UNIFIL have evolved in recent years. In 1987, then Foreign Minister Peres said, "In the chaotic situation which exists today in Lebanon, I do believe that for the time being, there is no replacement for the UNIFIL forces inside Lebanon." GOI officials have reaffirmed that, in their view, UNIFIL is playing a helpful role in southern Lebanon.

QUESTION: You are requesting an increase of $9.2 million for FY 1991 for the peacekeeping forces. This amount is in addition to the $156.8 million that you are requesting to pay all of the arrearages. How much of the $9.2 million increase for FY 1991 is for inflationary and other mandatory cost increases, and how much is for program increases?

a. Please describe the program increases and the amount requested for each

ANSWER: The $9.2 million difference in the FY 1991 peacekeeping request, as compared to the FY 1990 level, is attributable to the following:

(1) No FY 1991 funding for UNTAG whose mandate expires March 31, 1990; (2) full FY 1991 funding for UNIFIL (compares to approximately one-half funding in FY 1990); (3) no offsets for UNIIMOG airlift, other savings in FY 1991 estimate (reductions were included in FY 1990 assessments); (4) lower costs for operation of UNAVEM in FY 1991; (5) lower cost estimates for operation of ONUCA (no more start-up costs).

The dollar changes are summarized as follows:

UNDOF	No change
UNIFIL	+ $16.0 million
UNIIMOG	+ 6.9
UNTAG	- 6.9
UNAVEM	- 2.2
ONUCA	- 4.2
Sequestration	- 0.4
Total Change	+ $9.2 million

QUESTION: In your statement you indicated that the permanent members of the Security Council are now exploring prospects for a UN role in resolving the conflict in Cambodia. Can you give us some details about this matter, how much such a force would cost, and what would be the U.S. share?

ANSWER: Following the conclusion of the Paris Confernce on Cambodia without reaching a comprehensive settlement to the Cambodian conflict, Secretary Baker suggested it might be useful for the five permanent members of the Security Council to help facilitate the settlement process. With this objective in mind, the Five have met at the Assistant Secretary level three time, twice in Paris and once in New York.

So far, progress has been made on outlining the principles of a UN role in the interim administration of Cambodia, a ceasefire, elimination of outside assistance to the combatants, and cantonment of forces. Considerable work remains to be done to address the extent and nature of the UN's participation in Cambodia's administration and the timing of the demobilization and disarming of the factions. The next meeting is to be held in May.

The exact cost of a UN peacekeeping operation in Cambodia is impossible to specify at this time. It will depend on the nature of the settlement and the role for the UN agreed by the parties. If the UN is to have an enhanced role in implementing the settlement, which would include an adequate UN transitional administratior and last for a period of two-three years, the cost will be high, probably exceeding that of the operation in Namibia of approximately $400 million for one year.

The U.S. share of peacekeeping costs is 30.6 percent.

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

International Conferences and Contingencies

QUESTION: You are requesting an increase of $2,910,000 for the U.S. share of conference costs of the Conference on Security and Cooperation in Europe and the Confidence in Security Building Measures negotiations. We have had some questions from Members about the sufficiency of this increase. What will these funds be used for, and will additional funds be necessary?

ANSWER: Initially we believed that these funds would be sufficient to cover shared conference arrearages and future costs involved in supporting U.S. participation in the ongoing CSCE, CSBMs and CFE talks. However, the essence of our problem is that the pace of CSCE negotiations and related conferences has accelerated far beyond that of the budget process. Some of the funds requested will be used to pay off arrears in our CSCE debts to nations which have already hosted CSCE and related conferences. In addition, it was not possible to budget sufficiently in either our FY 1990 or 1991 budgets for the ongoing Conventional Forces in Europe (CFE) talks, we are working to identify funds from other sources to cover these shortfalls as well.

QUESTION: The justifications indicate that $2,000,000 of the request is for payment of bilateral debts owed by the U.S. for participation in the Vienna review of the Conference on Security and Cooperation in Europe as well as accumulated debts for the ongoing negotiations on Confidence and Security Building Measures. How far back does this debt go, and how did we get into a debtor situation?

ANSWER: Some of these debts date from 1989, and are due in large measure to unpredictable and, to a lesser extent, uncontrollable elements involved in the negotiations process. A concrete example is our debt to the Government of Austria, which hosted the CSCE Review Conference in vienna. This conference lasted almost one full year longer than originally anticipated, and the U.S. portion of the shared conference costs increased accordingly. Our shared conference costs debts for the CSBMs talks have also been accumulating, and at higher levels than originally anticipated when we put together our 1990 and 1991 budgets.

The ICC appropriation has also been reduced in recent years to levels that were insufficient to fund properly all activities covered by this account, including U.S. participation in CSCE and related conferences. This situation, coupled with the explosive growth in the negotiations themselves, led to the current problem.

QUESTION: I understand that the Department's Inspector General is undertaking an audit of this appropriation account. Has he shared any preliminary findings with you, and if so, could you tell us what those are?

ANSWER: It is my understanding that the preliminary draft report will be written by the end of April. At this point I have no knowledge of what will be in the report.

QUESTIONS SUBMITTED BY CONGRESSMAN REGULA

Contributions to International Organizations

QUESTION: In the State Department Authorization Act, a provision was included calling for a reorganization study of the Department. The language also requested that the feasibility of transferring the management of U.S. relations with the OAS to the Bureau of Latin American Affairs be included in the study. Does IO have a position on this issue?

ANSWER: The requested study has not been concluded, but we agree with the objective that U.S. participation in the OAS should be handled through the Assistant Secretary for Inter-American Affairs. In fact, this is now the case, both in terms of policy and of actual operations.

In the same way that the Assistant Secretary for Inter-American Affairs has full responsibility for U.S. relations with a country in Latin America, working through the U.S. Ambassador to the country, that Assistant Secretary has full responsibility for managing U.S. participation in the OAS, working through the U.S. Ambassador to the OAS.

This responsibility for the OAS includes the handling of U.S. contributions to, and the promotion of U.S. citizens of positions in, the Organization (two aspects of the responsibility mistakenly ascribed to the Bureau of International Organization Affairs). The responsibilities of the Bureau of International Organization Affairs relate to OAS only in that this bureau is responsible for overall presentation and management of the accounts which fund U.S. assessed and voluntary contributions to OAS and other international organizations.

The Bureau of International Organization Affairs exercises its responsibilities, in regard to OAS, in coordination with the Bureau of Inter-American Affairs; in no way is there any infringement on the operations of the Bureau of Inter-American Affairs and the U.S. Mission to the OAS in managing U.S. participation in the OAS.

Formal division of central financial management responsibilities among the different bureaus responsible for all of the various international organizations would be unworkable on accountability grounds; nevertheless, the Bureau of International Organization Affairs always has recognized the need for gaining the clearance of all relevant bureaus in executing its overall responsibilities.

QUESTION: I have heard complaints that the Bureau is biased toward the United Nations and unsupportive of many of the other regional organizations. How would IO respond to this criticism?

ANSWER: A good example of the absence of bias in the IO Bureau is the manner in which the funding restrictions of

Section 614 in the Department's FY 1990 appropriation were implemented. The Bureau allocated on a fair basis, without reference to whether or not an organization is part of the UN system, the reduced level of funding in the Contributions for International Organizations (CIO) Account. The following underlying principles were used in determining how much an organization would receive: 1) the clustering exercise previously employed would not be used because all agencies, except FAO, had been responsive to U.S. calls for reform; 2) FAO would be paid $18 million, the amount required to avoid loss of vote for the United States; 3) we would attempt to pay as many organizations in full as possible; and 4) in no case, except for FAO, would we pay an organization less than in the previous year. Technical adjustments for the CIO account as a whole, such as actual reductions in the organizations' budgets or favorable exchange rate gains, were factored into the account.

QUESTION: The financial situation of the OAS continues to decline. In 1989, there was a mass exodus of employees, some who volunteered and others who were volunteered. Of the staff cut back in 1989, how many Americans left? What is the percentage of Americans to overall staff both before and after the reduction?

How many substantive, policy influencing positions does the U.S. have? How does this compare to the number before the reduction in staff?

It is my understanding that further staff reductions are planned regardless of whether or not U.S. arrearages are paid. Is this true? What role does the U.S. Mission to the OAS play in promoting and keeping U.S. citizens in substantive OAS positions?

ANSWER: Sixty-six U.S. citizens were affected by the 1989 staff reduction in a total staff cut of 290 between January and April, 1989. Of a total staff of 995 at the end of 1988 the U.S. had 172 or 17%; the number of Americans was 106 or 15% following the early 1989 reduction. (The number of U.S. professional-level employees was 128 or 23% of the total at the end of 1988 and 87 or 21% following the reductions.)

At present U.S. citizens occupy seven policy-influencing positions (Assistant Secretary for Management, Executive Secretary of the Commission on Drug Abuse and Control, Deputy Executive Secretary of the Human Rights Commission, Treasurer, Director of Regional Economic Affairs, Director of Legal Advisory Services and Executive Secretary of the Inter-American Commission on Women.) Prior to the 1989 reduction the U.S. held eight policy-influencing positions. One U.S. citizen resigned voluntarily from the Directorship of Management Systems. Another U.S. citizen resigned voluntarily from his position as Secretary of the Inter-American Court of Human Rights and was replaced by a Costa Rican (the court is located in Costa Rica). The U.S. retains substantial influence in the Court inasmuch as a U.S.

citizen has been elected as a member since the court's inception even though the U.S. has not ratified the American Convention on Human Rights (Pact of San Jose).

Owing to the OAS's financial crisis, the Secretary General has allowed the staff to decline from the 725 ceiling decided by the General Assembly in 1988 by not hiring new employees to occupy vacancies due to retirements, resignations, transfers, etc. Thus, though further staff cuts are not expected, employment as of today now stands at 652.

The U.S. Mission to the OAS continues to support the presence of qualified U.S. citizens in substantive positions in the OAS through close collaboration with the OAS Secretary General. U.S. citizens have leading and highly influential positions in areas of priority interest to the U.S.: human rights, drug abuse, environment, and management and administration.

QUESTION: Please describe for the Committee the work performed by the OAS during the election process in Nicaragua. How did their role differ from that of the United Nations?

President Ortega and President-elect Chamorro have requested an OAS presence in the country until power is transferred. Has the OAS stayed? Was a similar request made to the United Nations?

ANSWER: OAS involvement in the Nicaraguan election process began with the Tesoro Beach Accords in February, 1989, continued through election day, February 25, 1990, and has been extended until the inauguration scheduled for April 25, 1990.

The OAS Secretary General went in early 1989 to Nicaragua after the accords to consult on the new election law, to negotiate agreements on the role of OAS election observers, and do a field study of how the OAS would carry out its responsibilities. An OAS official took part in discussions with the Nicaraguan opposition and the government over revisions of the election law which, once adopted, provided the framework for the entire process.

Several follow-up visits were made by OAS officials in April through July, 1989, to arrange for logistical support: offices, hotel space, housing in the nine electoral regions, communications, transportation, etc.

In early August, 1989, the OAS sent a 26-man team to Nicaragua to organize the infrastructure in Managua and in the nine electoral regions for the entire process: voter registration in October, 1989, political campaigning in November, 1989 through early February, 1990, and election day. From August, 1989, through February, 1990, the OAS kept a minimum of 20-25 observers in Managua and the nine electoral regions, but with a peak of 52 during the registration period and 433 during the final days of the campaign and election day. Initially, the OAS had a target of approximately 240 observers for the final phase; 433 observers far exceeded that goal thanks to logistical planning, the Secretary General's mobilization of observers from other inter-American organizations (IICA and PAHO), and the cooperation of member countries in providing experienced election officials.

The OAS observers helped ensure the integrity of the electoral process. Their presence during voter registration, at campaign rallies, in investigating complaints with the national and regional electoral councils, in preparing a parallel vote count, and in attenuating the fears of candidates and voters helped create conditions for a free and open vote. The Secretary General's periodic reports also helped by openly discussing issues such as Sandinista misuse of government property for electoral purposes, Sandinista manipulation of the media, and the need for better government safeguards for free and open rallies by the opposition.

At the specific request of President Ortega and President-elect Chamorro, the OAS was asked to keep up to 80 observers during the transition period from election day through the inauguration, April 25, 1990. The OAS has complied within the limits of the availability of funds and is keeping 21 observers. A similar request was made to the UN which has also kept some observers in Nicaragua.

QUESTION: What is the OAS role in the Inter-American Commission for Verification and Support (CIAV) set up to monitor the resettlement and repatriation of the Contras?

ANSWER: Under the terms of the Tela Agreement of Central American Presidents of August 8, 1989, the OAS Secretary General and the UN Secretary General were asked to work together in the CIAV on the demobilization, repatriation, and resettlement of the Nicaraguan Resistance (RN). The CIAV was established September 6, 1989. The OAS and the UN agreed on a division of labor and the functioning of the CIAV in an exchange of letters February 28 and March 6, 1990.

The OAS will assume responsibility for the resettlement of demobilized Nicaraguan Resistance members located in Nicaragua and for their family members who are repatriated to Nicaragua from Honduras and Costa Rica. The OAS has mobilized the resources of the Inter-American Institute for Cooperation on Agriculture (IICA) and the Pan American Health Organization (PAHO), together with its own capacity, in preparing detailed projects to carry out these responsibilities. These projects have been presented to the U.S. Government for funding. They are also being given to the governments of key members and observer countries of the OAS for consideration for funding.

QUESTION: What has the OAS done or accomplished since our last hearing that is consistent with U.S. policy interests in the hemisphere with regard to Panama, Nicaragua, narcotics and human rights?

ANSWER: By acting as a forum for debate and dissemination of information, and with increasingly active U.S. participation, the OAS contributed in varying degrees to U.S. objectives in all of these areas, as well as in certain other key areas, such as training, technical assistance, trade expansion and the environment.

Panama:

Like all earlier efforts to resolve Panama's Noriega problem, the OAS was unable to convince Noriega to leave peaceably. But our patient attempts through the multilateral framework of the OAS served to isolate Noriega further, to delegitimize him, to prepare the way for the legitimate government of President-elect Endara, and to demonstrate to hemisphere leaders that the United States was not the source of the problem -- Noriega was. The November 1989 OAS General Assembly resolution on Panama was a severe blow to the Noriega regime, which was attempting to invoke "Latin American solidarity" against the U.S. That effort failed miserably.

Additionally, the 1989 Special Report of the Inter-American Human Rights Commission on Panama was devastating to the Noriega regime. It characterized the leadership -- not the government -- that took office on September 1 as "devoid of constitutional legitimacy," and was an additional important factor in galvanizing international public opinion against the Noriega regime.

As a result, the adverse reaction to the use of military force in that unique instance, just weeks after the OASGA resolution and the Human Rights report, was mitigated. Predictably, OAS members criticized the U.S. military action in the Permanent Council, but in terms which "deeply regretted" (rather than condemned), and Venezuela, Antigua-Barbuda, Costa Rica, El Salvador, Guatemala and Honduras abstained from approving the resolution.

Narcotics:

The OAS has continued to mobilize the hemisphere's producing, transit and consuming countries for concrete actions to combat drug abuse. See response to question number 11 for full details.

Nicaragua:

OAS election observers made an important contribution to the success of the February 25 elections in Nicaragua. The U.S. strongly supported (and funded with $3 million) the OAS election monitoring effort in Nicaragua. The OAS created an infrastructure which provided communications, housing, transport, data handling capabilities and a parallel voting tabulation system throughout Nicaragua, with offices in all nine election districts. This network served not only the OAS observers, who reached a maximum complement of 433 members, but also the observers sent by the UN, the Carter Center and other groups.

Secretary General Baena Soares reported that the success of the program was due to the trust extended it by the people of Nicaragua, including both political parties; to support from member states; and to the high standards of the technical infrastructure the OAS had put in place. OAS member states provided not only observers but also technical experts and advisers, as did other entities in the inter-American system, in particular the Pan American Health Organization (PAHO) and the Inter-American Institute for Cooperation on Agriculture (IICA).

In response to requests from all parties in Nicaragua, the OAS plans to keep a cadre of election observers in the country through the April 25 inauguration date. Success of the observer program in Nicaragua prompted the Secretary General to offer similar services to other members, which Haiti has already accepted.

The OAS and UN Secretaries General have negotiated the terms of reference of the joint verification mission (CIAV) which is to verify compliance with the Tela and subsequent agreements and assist with voluntary demobilization, repatriation, and resettlement of the Nicaraguan Resistance. On March 27, the OAS submitted its detailed proposals for immediate demobilization assistance, and resettlement and reintegration programs in agriculture, health services, employment training and basic education. Two OAS teams visit Nicaragua for transition coordination work in early April.

Human Rights:

The OAS plays an active role in the promotion and defense of human rights through the Inter-American Commission on Human Rights (IACHR). The IACHR, whose members are elected in their own right (not as representatives of governments), prepares an annual report with chapters on countries with human rights problems in general and on individual cases, as well as special reports.

The 1989 IACHR Special Report on Panama characterized the government that took office on September 1 as "devoid of constitutional legitimacy," and was an important factor in galvanizing international public opinion against the Noriega regime. (See answer to question 12 for more details.) The IACHR also played a key role in the release of thousands of political prisoners in Nicaragua. A February 23 Permanent Council resolution mandated an in-situ visit on the human rights situation in Haiti.

Other topics:

U.S. interests in Latin American and Caribbean economic development are advanced by OAS development assistance and other technical cooperation programs totalling some $ 47 million annually. All OAS members make voluntary contributions. The U.S.--by far the largest donor--provides about 60 percent, but it is worth noting that the four largest Latin nations (Mexico, Brazil, Argentina and Venezuela) are also net donors. These technical cooperation activities are of particular interest and importance to the smaller, Caribbean OAS members, some of whom are not IDB members and thus depend heavily on the OAS as a source of external aid.

The OAS has successfully advanced U.S. interests in fair burden-sharing by "selling" OAS expertise as an executing agency to attract funding from Canada, several European donors, the IDB, UNDP, AID and other sources. For example, AID is funding a $1 million emergency preparedness program, designed to identify areas of high risk for natural disasters. The IBM corporation provided a $1 million grant to start the OAS Trade Information Program (SICE), a high-tech, computer-assisted project to make trade regulations, data, and importer-exporter information available throughout the hemisphere.

The IDB is funding a regional development project in Central America (with an important environmental component), the U.S. Trade Development Program (TDP) is funding a feasibility study for telecommunications development in five Latin nations, and Italy is funding another telecommunications project (and has promised $10 million in new funds over the next few years). European countries, notably Germany and Belgium, have funded projects in metallurgy. Other technical cooperation projects with Israel and Korea have proven successful.

The Inter-American Council for Education, Science and Culture (CIECC) is the hemispheric counterpart of UNESCO but has managed to stay free of extraneous political issues. The CIECC forum is noted for its cooperation rather than confrontation between the US and its southern neighbors.

The CIECC area manages an $8 million dollar graduate fellowship program. This installed capacity was recognized by AID when it awarded the OAS a $4.5 million undergraduate fellowship contract which was part of the CBI fellowship program. Over 80,000 Latin American and Caribbean students have benefited from this program.

Starting in 1990, CIECC will focus its resources on multinational projects in the following priority areas: Basic Education, Education for Work, Materials Technology, Biotechnology and Food, Environment and Natural Resources, Microelectronics and Informatics, Preservation and Use of Cultural Heritage, and Cultural Policies.

QUESTION: What role is the OAS playing during the governmental transition in Haiti?

ANSWER: The OAS is poised to assist the Government of Haiti. With the benefit of its Nicaragua experience still fresh, OAS involvement could include:

(a) Human Rights: The Inter-American Commission on Human Rights (IACHR) has been mandated by the Permanent Council to report on the human rights situation. The IACHR could contribute to a much-needed climate of reconciliation by making recommendations on measures the GOH should take to restore public confidence in official institutions as guarantors of civil and political rights.

(b) Electoral Observation: The presence of OAS observers in all areas of Nicaragua was a deterrent to Sandinista intimidation and a key to mass confidence in the electoral process. An OAS team visits Haiti in early April to begin planning OAS assistance. The OAS could rely primarily on creole speakers from the eastern Caribbean and French speakers from Canada to attain similar results in Haiti. The OAS communications and informatics network in Nicaragua would also be used in Haiti to assist with logistical support and vote counting. The Government of Canada has formally responded to an OAS request to participate in a preparatory mission; the Canadian member of the mission is Pierre Cote, head of Quebec's electoral commission.

(c) Long term assistance: the OAS already has development and technical assistance programs in place in Haiti. Inter-American entities present in Haiti include the Pan-American Health Institute (PAHO) and the Inter-American Institute for Cooperation on Agriculture (IICA). These programs should be strengthened and broadened in scope. For example, the OAS has experience in environmental protection and education and culture.

QUESTION: It is my understanding that Cuba would like to rejoin the OAS and has approached several member nations. It is also my understanding that the current Secretary General looks favorably on Cuba's reentry. What is the status of Cuba's efforts to rejoin the OAS and what seems to be the Organization's reaction?

ANSWER: The US remains strongly opposed to Cuba's reentry into the OAS until we see changes in Cuban behavior that indicate that that government is committed to the principles of the OAS Charter. We made our views known on this issue prior to last fall's General Assembly, and the question of Cuba's possible readmission to the OAS was never discussed.

The Secretary General is an international public servant and would not take a position on an issue such as this which is solely the prerogative of member governments to decide.

In 1962 the Cuban Government--but not the state of Cuba--was excluded from participation in the OAS for its adherence to the principles of Marxism-Leninism. In the last few years, however, some Latin American nations--led by Brazil, Colombia and Mexico, and supported by Venezuela and Canada--have increasingly endorsed the Castro Government's readmission into the OAS system, on grounds of universality.

On October 13, 1989, the Group of Eight (minus Panama) at its Peruvian Summit issued a communique calling for the entry into the OAS of Belize, Canada, Cuba and Guyana, arguing that universality would strengthen the Organization. (Canada was admitted at the November 1989 General Assembly, and Belize and Guyana are expected to become members shortly after the Charter obstacle to their admission lapses in December 1990.) At the same time, several OAS members oppose Cuban re-entry as untimely, particularly in light of no Cuban moves toward internal change.

The U. S. Mission to the OAS is making known our view that we are strongly opposed to ending the Cuban government's exclusion from participation in the OAS until there are fundamental changes in Cuban behavior both at home and abroad. We believe that the resumption of Cuban participation in the OAS without changes in its government's behavior would contravene the principles of the OAS Charter and undermine the goals of that organization.

QUESTION: What has been the impact of Canada's entry into the OAS? Did Canada's entry reduce the U.S. assessed share of the budget? What is the current U.S. assessment?

ANSWER: Canada's entry into the OAS in January 1990 has given the organization a significant boost. Over the past two decades Canada joined the OAS specialized organizations one-by-one but refrained from joining the hemisphere's major political body. By taking the final step of full membership responsibility, Canada, one of the world's seven major industrial and financial powers, signals its interest in pursuing its national goals in this multilateral forum and in playing a larger role in inter-American affairs. Its membership adds prestige to the OAS by focusing attention on the organization's effectiveness and usefulness.

While Canadian participation boosts efforts on democracy and development, both of which are in U.S. interests, Canada's entry does not affect the U.S. quota this year, inasmuch as Canada was not a member when this year's budget was adopted in November 1989. The U.S. is currently negotiating with Canada and the other OAS members on the definitive level of Canada's quota in 1991 and a reduction in the U.S. quota made possible by Canada's entry.

The current U.S. quota is 66% which was set in 1949. (The U.S. had approximately 87% of the OAS membership's combined GDP in 1949; this percentage has remained substantially the same until Canada's entry in 1990 when it dropped to 77%).

QUESTION: What is the current cumulative arrearage of all countries to the OAS assessed budget? What has been the impact on their technical assistance programs, fellowships, education, training, and environmental programs?

ANSWER: OAS member countries owed a total of $46,586,000 on prior year assessments as of March 31, 1990. The U.S. share of these arrears was $35,780,000.

The execution of OAS technical assistance programs has been seriously handicapped by the shortfall in payments of assessments. Most technical assistance projects combine regular fund allotments with allotments from voluntary contributions by OAS members and external sources. Consequently, the cash-flow crisis in the regular fund has automatically delayed and complicated carrying out previously planned and approved projects. This situation applies to programs in education, environment, some training, but not fellowships. Fellowships are paid from the regular fund and have been given priority in the allocation of the limited funds available.

It should be noted that the debilitating effect of arrearages reaches beyond technical assistance to the core of the organization. The lack of cash reserves has reduced flexibility and the ability to respond to critical issues of major interest to the U.S., e.g. the Central American peace process, electoral assistance to Haiti, etc.

QUESTION: What has the Inter-American Drug Abuse Control Commission accomplished during the past year? Does CICAD have a liaison with the Drug Czar's office or any U.S. agencies working in the drug field?

ANSWER: During the past year the Inter-American Drug Abuse Control Commission (CICAD) and its Executive Secretariat have continued to carry out a number of projects aimed at strengthening the efforts of OAS member governments in the fight against drug abuse and trafficking. Principal activities since March 1989 have included:

-- An Experts Group, funded by a grant from INM, has drafted a Model Law regulating precursor and other chemical substances, machines and materials. This work formed the basis for the U.S.-Bolivia agreement signed at the February 1990 Cartagena summit, and CICAD approved this model law for adoption by all member states at its meeting March 27-30.

-- The Executive Secretariat co-hosted a preliminary meeting of representatives of national and multinational agencies providing law enforcement training in Latin America and the Caribbean. As a result of that meeting, the Secretariat is preparing a proposal for a mechanism to coordinate the training programs over the longer term.

- In cooperation with the Canadian Government, CICAD held the first Inter-American Seminar-Workshop on Drug Abuse Control, providing ten days of training to senior law enforcement officials from twenty OAS member governments. In light of the success of this event, a second is scheduled for July 1990.

- The CICAD Secretariat, jointly with the OAS Secretariat for Education, Science and Culture (CIECC), held the last two of four workshops at which senior technical experts in the fields of education and health examined the problem of narcotics abuse and elaborated draft proposals for national and hemispheric action. The Secretariat has developed plans for a high-level meeting of representatives of all OAS members in Quito, Ecuador, beginning May 28, 1990, to adopt a Plan of Action on Prevention Education.

- Based on conversations at the last workshop, the Secretariat has organized and implemented a joint U.S.-Mexican training project for Argentine educators. The training can be expanded to other countries as funds become available.

- The Secretariat has continued to develop the Standardized Statistical System which will be a principal part of the Inter-American Drug Information System, a computer-based network eventually covering all OAS member countries. The System is also being developed to include access to the Inter-American Documentation Center and a number of sub-regional centers for resource material.

- The Secretariat organized a meeting of representatives of the private business sector, mass media, advertising agencies and government representatives from a number of countries to stimulate private sector support for drug abuse prevention campaigns.

- The Secretariat has completed the preparations of the First Multilateral Teleconference on Public and Private Sector Cooperation for Drug Abuse Prevention Campaigns, to be carried by INTELSAT on May 22, 1990.

- In a joint effort with the Inter-American Development Bank (IDB), CICAD has carried out a preliminary study of the problem of drug addiction among street children in several large Latin American cities. The Commission decided to develop a new project in this area at its meeting March 27-30.

During 1989 and 1990 CICAD and the OAS Permanent Council have both participated in preparations for the Meeting of Ministers on Narcotics to take place in Ixtapa, Mexico, April 17-20. The meeting has been called to reassess the current drug situation in the hemisphere and to define priorities for common action. The Ministers are expected to adopt a number of specific measures, several of them based on preparatory work carried out by CICAD.

Since its establishment the CICAD Secretariat has had close direct working relationships with the Bureau of International Narcotics Matters in the State Department, the Offices of International Affairs and of Narcotics and Dangerous Drugs at the Department of Justice, the Office of Diversion Control of the Drug Enforcement Agency, the Office of International Affairs at the Department of Education, and the Office of Substance Abuse Prevention (OSAP) of the Department of Health and Human Services. Liaison with the Office of National Drug Control Policy (ONCDP) has been through the US Mission to the OAS.

QUESTION: Describe the conclusions of the Human Rights commission's report on Panama issued in November 1989? Did its conclusions seem to have any impact on the actions taken by the political bodies of the OAS or the member countries?

ANSWER: As stated by the U.S. representative to the Committee on Juridical and Political Affairs at the November 1989 OAS General Assembly, "the Special Report on Panama is a courageous indictment of the Noriega regime which must resort to terror and brutality to maintain power. The Inter-American Commission on Human Rights has proven once again that it is the 'conscience of the Americas.' The Commission has not abandoned the people of Panama in their darkest hour. The Commission merits the respect of all OAS member countries for this important and timely report."

The Special Report on Panama by the Inter-American Commission on Human Rights was a truly relevant contribution to the embattled cause of human rights in Panama. It constituted a clear indictment of the Noriega regime for its flagrant abuses of the political and civil rights of the Panamanian people.

The Government of Panama, the Commission pointed out, violated the right to life on several occasions. Referring to the brutal murder of Dr. Hugo Spadafora Franco, the Commission noted that "it is quite apparent that Panamanian Defense Forces military personnel were involved in the killing. .... The Panamanian government's greatest liability, insofar as the right to life is concerned, is that it has failed to carry out investigations and trials through its judiciary or by some other means. To the contrary, it has torpedoed those investigations and covered up for those responsible for these violations."

The Commission documented several violations by the Government of Panama of the right to humane treatment. The Commission asserted that "since the crisis of June, 1987 a pattern has emerged in the behavior of the Panamanian authorities toward the opposition in the form of violations to personal integrity." The Commission reported that it was estimated that some 1,500 persons were wounded with birdshot fired from sawed-off shotguns alone.

The Commission's findings on conditions in Panamanian jails were particularly revolting: "(political) prisoners have been placed in overcrowded cells together with common criminals, and in some instances aggressive homosexuals. The Commission was told that some political prisoners were sexually assaulted. This particular practice obviously proved a considerable deterrent to later public demonstrations."

The Commission found that "the right to personal liberty has been seriously curtailed in Panama. ... The Commission has ascertained that in Panama the illegal detention of political dissidents without even the most elementary formalities has become the standard practice of security agencies and members of the Defense Forces of Panama. Several cases have been reported in which even the relatives of the prisoner are detained, clearly for the purpose of extracting forced confessions of his supposed involvement in some crime or to simply coerce him into surrendering to the regime's security forces if he has been in hiding." The same tactic was employed against families of those members of the Panama Defense Forces suspected of disloyalty to the dictator in the aftermath of the October 3 coup attempt.

The Commission found no guarantees of judicial independence and due process under the Noriega regime: "The Commission must express its very grave concern over the many complaints it has received indicating that legal guarantees have virtually ceased to function in Panama .... the courts have been totally incapable of preventing or, at least, curbing the abuses of authority and excesses committed daily by agents of the Panamanian Defense Forces. Often the orders handed down by the courts are totally disregarded by those who, by law, are obliged to execute them."

The report also documented instances of violations of the right to freedom of movement and residence: "the Commission is forced to conclude that Panamanians do not enjoy the right to freedom of movement and residence insofar as the right to enter and leave the country freely is concerned; many have had to leave under the pressure of threats and violations of their rights, or were directly expelled from their country. These unlawful measures have been used not only against opposition activists of various professions and social sectors, but also against their families, with no legal recourse to correct such abuses."

A crucial element of the report dealt with the right to participate in government and in the electoral process. The Commission documented in careful detail the events surrounding the aborted May 7 elections, and concluded: "The annulment of the elections of May 7, 1989 by the Electoral Tribunal and the lack of agreement between the leading political participants in Panama have left the current provisional Government devoid of constitutional legitimacy." The corollary to that conclusion is also obvious: "the resulting lack of legitimacy, coupled with an obvious absence of popular support, make it likely that under the current government, developments in the areas of human rights in general and of the exercise of political rights in particular will be negative. This situation must be corrected."

Largely as a result of the devastating Inter-American Human Rights Commission Special Report on Panama, the General Assembly confirmed the isolation of the Noriega regime with a final plenary vote of 27 - 2 (Panama and Nicaragua) on "The Panama Crisis in the International context" November 18. The Panamanian delegation was forced to withdraw its resolution blaming the U.S. for the crisis, and the final resolution put the blame for the crisis squarely on Noriega, with no reference to the U.S. or to the Panamanian opposition.

The resolution the General Assembly adopted on Panama referred to "Panamanian authorities" rather than a government, and focused unrelentingly on democratic processes, OAS charter principles, civil and political rights, and the work of the IAHRC. It explicitly linked Panama's diplomatic isolation -- particularly measures taken to withdraw Ambassadors -- to the absence of constitutional processes and the transfer of power by popular elections. The resolution kept the pressure on Noriega and his regime and got the OAS well beyond the draining debate on "naming Noriega" in declarations.

TUESDAY, MARCH 20, 1990.

INTERNATIONAL BOUNDARY COMMISSION, UNITED STATES AND CANADA

WITNESSES

DAVID C. FISCHER, U.S. COMMISSIONER
CLYDE R. MOORE, DEPUTY U.S. COMMISSIONER
CONSTANCE E. BIGNELL, ADMINISTRATIVE OFFICER

Mr. MOLLOHAN [presiding]. The next item we will consider is the fiscal year 1991 budget request for the International Boundary Commission, United States and Canada. The request is for $748,000. This amount is an increase of $9,000 above the amount available for fiscal year 1990.

We will insert in the record the budget justification submitted for this request at this point.

[The justification follows:]

INTERNATIONAL BOUNDARY COMMISSION

For necessary expenses, not otherwise provided for, including not to exceed $9,000 for representation expenses incurred by the International Joint Commission, [$4,500,000] *$4,400,000;* for the International Joint Commission and the International Boundary Commission, as authorized by treaties between the United States and Canada or Great Britain. *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Note.—Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State and the United States Information Agency may be obligated and expended at a rate not exceeding the rate available for fiscal year 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The following schedules assume the repeal of this provision.

INTERNATIONAL BOUNDARY COMMISSION

FY 1991

SUMMARY STATEMENT
(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
7	$884	7	$739	7	$748	--	$9

I. Summary

The International Boundary Commission, United States and Canada (IBC), established permanently in the Treaty of February 24, 1925, carries the mandates of that Treaty, and those previous, to maintain an effective boundary line between the U.S. and Canada. These mandates require the 5,525-mile boundary to be accurately located on the earth's surface and marked with stable, readily identifiable monuments. Also required is unobstructed line-of-sight between monuments and the accurate revision of boundary maps and records.

The Department-wide goal to strengthen efforts of the international community to solve transnational problems is supported by the Commission's objective of maintaining, at all times, an effective boundary line between the two countries. The benefits of a clearly defined boundary is of great importance to the everyday operations of government, commerce and industry, as well as to the people living and working along it. An ambiguous boundary would needlessly complicate, if not render impossible, the national and international business of government and industry of both countries.

To achieve its objective, the IBC maintains the boundary monuments in good repair; establishes additional monuments, marks and buoys where necessary; clears the 20-foot wide border strip (vista) of new timber and brush growth; performs new surveys as required; and completes such other work as necessary to effectively mark the boundary. The Commission maintains the integrity of the boundary by regulating construction along the international boundary line and settles any boundary disputes that may arise between the Governments of the United States and Canada.

Included in the Department's FY 1990 appropriation bill (Public Law 101-162) for those accounts under the jurisdiction of the House and Senate Commerce, Justice and State Appropriations Subcommittees is a provision (Section 614 of the Commerce-Justice-State Appropriations Bill) that states that funds appropriated to the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The FY 1990 estimates used in this presentation assume the repeal of this provision.

INTERNATIONAL BOUNDARY COMMISSION

I. Summary (continued)

The FY 1990 estimates also reflect the impact of FY 1990 sequestration pursuant to Public Law 99-177, The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Reaffirmation Act of 1987 (Public Law 100-119).

II. Current Programs

The U.S. Section is in the process of completing three projects along the border:

- Project I is the continuation of boundary vista clearing along a 26-mile section of the Maine/Quebec boundary. This will complete vista grooming and seeding operations on the Southwest and South Line Sections.
- Project II involves vista clearing on a 25-mile section of the 49th Parallel (Montana-Idaho/British Columbia) boundary. This will complete vista reclearing operations along a particularly rugged 400-mile section of the 49th Parallel.
- Project III is the repair/replacement of 60 boundary monuments on the North Dakota/Manitoba boundary.
- In addition to these three projects, the Commission will continue in the cooperative effort with the U.S. Geological Survey and other agencies to produce a new set of official maps of the international boundary with Canada.
- Its regulatory and advisory work related to construction projects along the boundary will also be maintained.

During FY 1990, the IBC will carry out the following projects:

- Project I, fielded from the Eastern Regional Office at Houlton, Maine, is the reclearing of the vista along a 32-mile section of the Maine/Quebec border known as The Highlands. Boundary monuments will be repaired or replaced as necessary.
- Project II, fielded from the Central Regional Office at Thief River Falls, Minnesota, is the repair/replacement of 60 boundary monuments along the Minnesota-North Dakota/Manitoba border.

  Project III, fielded from the Western Regional Office at Great Falls, Montana, is the repair/replacement of 40 boundary monuments along the North Dakota-Montana/Saskatchewan border.
- Project IV is the IBC continuing cooperative effort with the U.S. Geological Survey and other agencies to produce new official maps of the U.S.-Canada boundary.

INTERNATIONAL BOUNDARY COMMISSION

III. 1991 Plans

Funds requested in FY 1991 will allow the U.S. Section to carry out three projects:

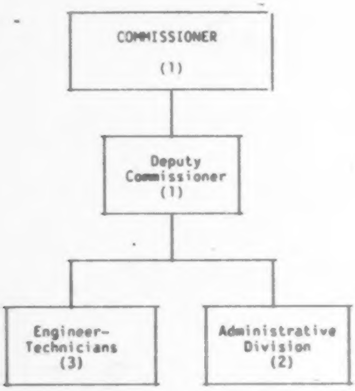
- o Project I is located in "The Highlands" along the Maine/Quebec border. The IBC Engineer-technician from the Eastern Regional Office and his field crew of tree fallers and laborers will clear another 30-mile section of the vista.
- o Project II is the maintenance of boundary monuments along the Minnesota-North Dakota/Manitoba boundary. The IBC Engineer-technician from the Central Regional Office with his field crew will replace/repair 47 monuments along a 75-mile segment of international boundary.
- o Project III is the replacement of monuments along the Montana/Saskatchewan-Alberta boundary. A field crew, headed by the Engineer-technician from the Western Regional Office, will replace/repair 37 monuments over an 80-mile portion of the boundary.
- o The IBC will continue to maintain the integrity of the boundary by: regulating construction along the international boundary line, inspecting the boundary and vista, and settling any boundary disputes that may arise between the Governments of the United States and Canada.

The FY 1991 request of $748,000 incorporates an increase of $9,000 over the FY 1990 funding level. These additional funds are required to partially fund mandatory wage and price requirements.

FY 1991

Organization Chart

Total Domestic Positions: 7


COMMISSIONER
(1)
Deputy Commissioner
(1)
Engineer-Technicians
(3)
Administrative Division
(2)

International Boundary Commission

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
International Boundary Commission........................	$884	$739	$9	$748
GRAND TOTAL	884	739	9	748

POSITIONS

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
International Boundary Commission........................	7	7	—	7
GRAND TOTAL	7	7	—	7

International Boundary Commission

SUMMARY OF CHANGE
(DOLLARS IN THOUSANDS)

Program Activities	POSITIONS American Pos.	FSNs	Total	FUNDS Bureau Managed	American Salaries	Total
1989 ENACTED	7	--	7	$884	--	$884
1990 BASE	7	--	7	739	--	739
1990 ADJUSTMENTS	--	--	--	--	--	--
1990 ESTIMATE	7	--	7	739	--	739
1991 PROGRAM CHANGES						
International Boundary Commission	--	--	--	9	--	9
TOTAL PROGRAM CHANGES	--	--	--	9	--	9
1991 REQUEST	7	--	7	748	--	748

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
1100 PERSONNEL COMPENSATION	$329	$378	-$7	$371	-$7
1200 PERSONNEL BENEFITS....	92	143	-11	132	-11
2100 TRAVEL AND TRANSPORTATION OF PERSONS.............	38	40	16	56	16
2200 TRANSPORTATION OF THINGS..............	6	6	—	6	—
2300 RENTS, COMMUNICATIONS AND UTILITIES.......	20	23	—	23	--
2400 PRINTING AND REPRODUCTION........	11	12	--	12	--
2500 OTHER SERVICES........	110	49	11	60	11
2600 SUPPLIES AND MATERIALS	260	88	—	88	—
3100 PERSONAL PROPERTY.....	18	--	—	—	—
Total, Budget Unit	884	739	9	748	9

INTERNATIONAL BOUNDARY COMMISSION

FY 1991

Justification of Program Activities

(dollars in thousands)

	Positions		Funds
	American	FSN	
1991 Request......................	7	--	$748

The requested funds will allow the U.S. to continue its share of the IBC mission to maintain an effective boundary by providing the personnel, equipment and supplies to maintain boundary monuments in good repair, establish additional monuments, marks and buoys where necessary, clear the 20-foot wide border strip of new timber/brush growth and complete such other work as necessary to effectively mark the boundary. IBC/U.S. will be able to continue to regulate construction along the border and settle any boundary disputes that may arise between the two Governments.

BASE PROGRAM: 7 Positions and $482,000. Funds requested for this program will cover costs of salaries and benefits for permanent personnel ($320,000); travel and transportation ($56,000); transportation of things ($6,000); rents, communications and utilities ($23,000); printing and reproduction ($12,000); other services ($60,000); the office/administrative supplies and materials ($5,000).

PROJECT I - (The Highlands) Maine/Quebec Border, $134,000. The IBC/U.S. Eastern Regional Office (Houlton, Maine) will repair and/or replace boundary monuments and reclear the vista along a 30-mile portion of the boundary. These funds will pay base salaries and benefits for a field crew of nine men ($110,000) and the cost of logistical support and materials ($24,000) for this project.

PROJECT II - Minnesota-North Dakota/Manitoba Border, $65,000. The U.S. Central Regional Office (Thief River Falls, Minnesota) will field a crew to repair and/or replace 47 boundary monuments in this area. Requested funds will pay the base salaries and benefits of a three-man crew ($35,000) and for the logistical support and construction materials ($30,000) to accomplish this work.

PROJECT III - Montana/Saskatchewan-Alberta Border, $67,000. From the Western Regional Office (Great Falls, Montana), the U.S. Section will field a crew to repair and/or replace 37 boundary monuments on this section. The requested funds will pay the salaries and benefits of a three-man crew ($38,000) and for the required logistical support and construction materials ($29,000).

General Statement

Mr. **Mollohan**. Here to testify in support of the request is David C. Fischer, U.S. Commissioner.

Mr. Fischer, if you have a written statement, we will make that a part of the record and you can proceed with your oral statement.

Mr. **Fischer**. Mr. Chairman, I am pleased to have with me this afternoon Mr. Clyde Moore, who is the Deputy Commissioner and is responsible for the day-to-day operations of the Commission.

Mr. **Mollohan**. Mr. Moore, the committee welcomes you today.

Mr. **Fischer**. With your permission, with the lateness of the schedule, I would be more than happy to dispense with the reading of the statement we had submitted earlier and just quickly summarize by saying that we are here with the request for the $748,000, that the International Boundary Commission continues to fulfill its mandate in maintaining the boundary between the United States and Canada, and, lastly, that unlike our colleagues from the International Joint Commission who are facing an invasion of lampreys, we have no burning issues before the committee.

We work extremely well with our Canadian counterparts and everything is going along as we expected.

I would be more than happy to respond to any questions that you may have.

[The statement of Mr. Fischer follows:]

DEPARTMENT OF STATE
FY 1991 BUDGET ESTIMATES

STATEMENT OF
DAVID C. FISCHER, U.S. COMMISSIONER
INTERNATIONAL BOUNDARY COMMISSION

Before

THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS

For

COMMERCE, JUSTICE, STATE, THE JUDICIARY
AND RELATED AGENCIES

AMERICAN SECTIONS, INTERNATIONAL COMMISSIONS
(INTERNATIONAL BOUNDARY COMMISSION)

IBC Witness Statement

Mr. Chairman and Members of the Committee:

It is my pleasure to present to you the International Boundary Commission's budget request for Fiscal Year 1991.

The treaty-mandated function of this Commission is to maintain an effective boundary line between the United States and Canada - a mission which requires the boundary line be kept free of obstructions, including trees and brush, and that the markers, which identify the boundary, be kept in exact geographic position, in good repair and clearly visible.

Therefore, to comply with the existing treaties and enable the Commission to continue its mission, the IBC is requesting a budget of $748,000 for Fiscal Year 1991-a net increase of $9,000 over the current FY 1990 estimate of $739,000.

From year-to-year, depending on the areas in which the United States Section of the Commission is to work, IBC field projects change in their requirements for temporary labor and logistical support. IBC field work for 1991 is slightly less labor intensive than that of 1990 which results in a decrease of $18,000 in total personnel costs. This decrease partially offsets increases of $16,000 for travel and transportation and $11,000 for equipment rental.

In Fiscal Year 1991, the Commission will continue its regulatory and advisory work, plus conduct three major field operations. One field crew will clear the boundary of obstructing trees and brush and repair boundary monuments along a 30-mile segment of the Maine/Quebec border. The second and third projects involve major boundary monument replacement and repair work along a 75-mile section of the Minnesota-North Dakota/Manitoba boundary and an 80-mile section of the Montana/Saskatchewan boundary. In addition to these three larger projects, the field offices in Maine, Minnesota and Montana will carry out small, isolated clearing, survey and monument repair operations where necessary.

The Commission is obligated by treaty to maintain a well defined border. An effective boundary line can best be achieved by an on-going maintenance program of surveying, inspecting and clearing the 5,525 mile boundary and repairing or replacing boundary monuments as necessary. In addition to diminishing the possibility of disputes arising, the everyday business of government, commerce, and industry and the needs of private landowners in the area all benefit from a clearly defined border.

Mr. Chairman, Members of the Committee, I will be pleased to take any questions you may have regarding this request.

OMB REQUEST

Mr. MOLLOHAN. Thank you, Mr. Fischer. Your written statement will be made a part of the record.

What was your request to OMB and to what extent was it cut and to what extent will the cuts or any reductions made affect your programs?

Mr. FISCHER. The original request was $1,112,000, but the OMB passback was $748,000. In terms of how will it impact the International Boundary Commission, we are fairly unique in that much of what we do is projects. Every summer, there are various projects that are performed along the boundary, be it clearing projects or be it repairing monuments or installing new ones. So, any time you suffer a reduction, that is the one area that you have to cut back, and so any time there is a reduction, that comes off of projects that were slated.

Mr. MOLLOHAN. Thank you, Mr. Fischer.

We have some questions we will submit for the record. Thank you for your testimony.

Mr. FISCHER. Thank you, Mr. Chairman.

[The following question was submitted to be answered for the record:]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

International Boundary Commision

QUESTION: In your statement you indicate that the Commission will continue its regulatory and advisory work, plus conduct three major field operations in FY 1991. Can you give the Committee some specific details about the Commission's regulatory and advisory work?

ANSWER: To facilitate maintenance of an effective boundary line, the Commission makes regulatory decisions on proposed projects that cross or adjoin the boundary. This is necessary to avoid disturbance and or destruction of the International boundary line monuments and obstruction of the required line of sight between monuments.

In 1989, the Commission approved applications for the construction of two roads, one powerline, one water reservoir, one building, two gates, one driveway, two road barriers and a retaining wall. Also approved were repairs to a bridge and the erection of warning signs at 31 unguarded border crossings.

Frequently, proposed projects can conflict with boundary regulations. In these cases, the Commission finds itself in the role of advisor and can usually suggest alternatives which will permit a project to move forward yet preserve the integrity of the boundary line. Good examples of the Commissions' advisory work are the new U.S.-Canada joint border facilities at Danville, Washington/Carson, British Columbia and Alburg, Vermont/Noyan, Quebec border crossings. By incorporating design features suggested by the Commission, it was possible to locate the ports of entry astraddle the boundary. This new concept is important to both countries in that it will enhance the safety of border officers, and facilitate the cooperation that exists between the two customs services.

Tuesday, March 20, 1990.

INTERNATIONAL JOINT COMMISSION

WITNESSES

GORDON K. DURNIL, CHAIRMAN, U.S. SECTION

DAVID A. LAROCHE, SECRETARY OF COMMISSION

LOUISE L. COX, ADMINISTRATIVE OFFICER

Mr. Mollohan [presiding]. The next item we will consider is the fiscal year 1991 budget request for the International Joint Commission, the United States and Canada. The request is for $3,652,000. This amount represents a net reduction of $98,000 below the amount currently available for fiscal year 1990.

We shall insert at this point in the record the justification material submitted in support of this request.

[The justification follows:]

INTERNATIONAL JOINT COMMISSION

For necessary expenses, not otherwise provided for, including not to exceed $9,000 for representation expenses incurred by the International Joint Commission, [$4,500,000] *$4,400,000;* for the International Joint Commission and the International Boundary Commission, as authorized by treaties between the United States and Canada or Great Britain. *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Note.—Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State and the United States Information Agency may be obligated and expended at a rate not exceeding the rate available for fiscal year 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The following schedules assume the repeal of this provision.

INTERNATIONAL JOINT COMMISSION

FY 1991

SUMMARY STATEMENT
(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
24	$3,432	24	$3,698	24	$3,652	--	-$46

I. Summary

Pursuant to treaties between the United States and Canada (and in one case Great Britain on behalf of Canada), the International Joint Commission, United States and Canada (IJC), has developed a program which assists the Governments of the United States and Canada to resolve issues and disagreements along the international boundary. The activities of this program support the Department-wide goal to strengthen efforts of the international community to solve transnational problems. One problem of particular concern is the resolution of environmental issues. The IJC's program is designed to address this specific issue related to the Department-wide goal.

Under the Boundary Waters Treaty of 1909, the IJC licenses and oversees the operation of projects affecting the level and flow of boundary waters and in some cases transboundary rivers. The IJC also advises the Governments of the United States and Canada on environmental and other natural resource matters and administers the apportionment of the waters of the St. Mary and Milk Rivers which flow between Alberta and Montana.

Under the Revised 1978 Great Lakes Water Quality Agreement, the IJC (supported by its Great Lakes Water Quality Board, Great Lakes Science Advisory Board and Great Lakes Regional Office) identifies Great Lakes water quality issues, analyzes the programs and measures of governments and others designed to improve Great Lakes water quality and reports to the federal, state and provincial governments and the public on progress being made to achieve the purpose and objectives of the Agreement.

Under the Rainy Lake Convention, the IJC is authorized to take appropriate regulatory action with respect to existing control structures to deal with emergency water level conditions in the Rainy Lake watershed. Under the Lake of the Woods Convention, IJC approval is required for diversions of water from the Lake of the Woods. Under the Niagara River Treaty, the IJC oversees the operation of control works that distribute water over the crest of Niagara Falls. Under the Columbia River Treaty, the IJC is on call as a dispute resolution forum.

The benefits of the appropriation include maintenance and improvement of environmental conditions along the U.S.-Canadian border and the resolution of disputes between the United States and Canada.

INTERNATIONAL JOINT COMMISSION

I. Summary (continued)

Included in the Department's FY 1990 appropriation bill (Public Law 101-162) for those accounts under the jurisdiction of the House and Senate Commerce, Justice and State Appropriations Subcommittees is a provision (Section 614 of the Commerce-Justice-State Appropriations Bill) that states that funds appropriated to the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The FY 1990 estimates used in this presentation assume the repeal of this provision.

The FY 1990 estimates also reflect the impact of FY 1990 sequestration pursuant to Public Law 99-177, The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Reaffirmation Act of 1987 (Public Law 100-119).

II. Current Programs

The IJC continues to investigate measures to alleviate the adverse effects of fluctuating Great Lakes water levels. A major public input effort will be carried out to assess the first phase of the study and get the parameters of the second phase which will address specific measures in detail. The IJC may issue an interim report to governments regarding the above matters.

The IJC will hold its fifth biennial meeting on progress being made under the Revised 1978 Great Lakes Water Quality Agreement. The work of the IJC's Regional Office will continue to focus on the toxic pollution control programs, remedial action plans, the Great Lakes International Surveillance Plan and strategies for improving the health of the Great Lakes Basin ecosystem.

The IJC will continue to undertake preliminary work to determine the appropriate parameters of investigations to be undertaken under a recently reactivated reference on transboundary air pollution in the Detroit-Windsor/Port Huron-Sarnia area.

In carrying out its responsibilities under the Boundary Waters Treaty and related agreements, the IJC continues consideration of the conceptual framework of an integrated transboundary monitoring network.

Finally, pursuant to existing reference and regulatory authority, the IJC continues to monitor water quality and quantity in rivers and lakes along the boundary.

III. 1991 Plans

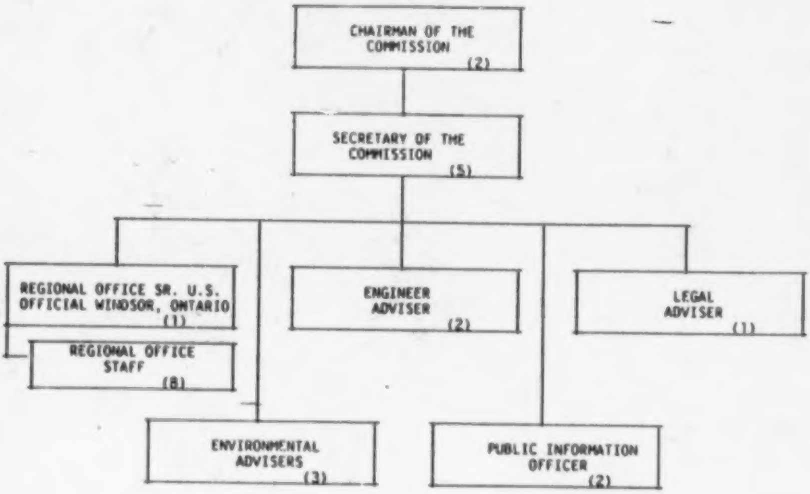
The FY 1991 request maintains operations at a level consistent with current budgetary constraints, while allowing sufficient funding to carry out the Commission's highest priority program activities.

INTERNATIONAL JOINT COMMISSION

FY 1991

Organization Chart

Total Domestic Positions: 24


CHAIRMAN OF THE COMMISSION (2)
SECRETARY OF THE COMMISSION (5)
REGIONAL OFFICE SR. U.S. OFFICIAL WINDSOR, ONTARIO (1)
REGIONAL OFFICE STAFF (8)
ENGINEER ADVISER (2)
LEGAL ADVISER (1)
ENVIRONMENTAL ADVISERS (3)
PUBLIC INFORMATION OFFICER (2)

International Joint Commission

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
International Joint Commission U.S. Section......................	$2,938	$3,000	$13	$3,013
Special & Technical Investigations by U.S. Geological Survey................	494	548	-59	489
New Referral Start-Up Fund.............................	--	150	--	150
GRAND TOTAL	3,432	3,698	-46	3,652

POSITIONS

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
International Joint Commission U.S. Section......................	24	24	--	24
GRAND TOTAL	24	24	--	24

International Joint Commission

SUMMARY OF CHANGE
(DOLLARS IN THOUSANDS)

Program Activities	POSITIONS			FUNDS		
	American Pos.	FSNs	Total	Bureau Managed	American Salaries	Total
1989 ENACTED....................	24	--	24	$3,432	--	$3,432
1990 BASE.......................	24	--	24	3,698	--	3,698
1990 ADJUSTMENTS................	--	--	--	--	--	--
1990 ESTIMATE...................	24	--	24	3,698	--	3,698
1991 PROGRAM CHANGES						
International Joint Commission						
U.S. Section................	--	--	--	13	--	13
Special & Technical Investigations by U.S. Geological Survey.........	--	--	--	-59	--	-59
Sub-total International Joint Commission........	--	--	--	-46	--	-46
TOTAL PROGRAM CHANGES........	--	--	--	-46	--	-46
1991 REQUEST....................	24	--	24	3,652	--	3,652

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
1100 PERSONNEL COMPENSATION	$1,663	$1,766	$42	$1,808	$42
1200 PERSONNEL BENEFITS....	322	356	7	363	7
2100 TRAVEL AND TRANSPORTATION OF PERSONS.............	266	276	-9	267	-9
2200 TRANSPORTATION OF THINGS..............	26	26	-2	24	-2
2300 RENTS, COMMUNICATIONS AND UTILITIES.......	268	316	-14	302	-14
2400 PRINTING AND REPRODUCTION........	105	103	-12	91	-12
2500 OTHER SERVICES........	714	633	-50	583	-50
2600 SUPPLIES AND MATERIALS	54	58	-7	51	-7
3100 PERSONAL PROPERTY.....	14	14	-1	13	-1
4100 GRANTS, SUBSIDIES AND CONTRIBUTIONS.......	—	150	—	150	—
Total, Budget Unit	3,432	3,698	-46	3,652	-46

INTERNATIONAL JOINT COMMISSION

FY 1991

Justification of Program Activities

(dollars in thousands)

	Positions		Funds
	American	FSN	
1991 Request......................	24	--	$3,013

United States Section

Under the Revised 1978 Great Lakes Water Quality Agreement (Agreement), the IJC has been given the responsibility of coordinating joint programs and studies, determining compliance with agreed objectives, assessing the effectiveness of the pollution control programs provided for in the Agreement, coordinating related research between the two countries, reporting annually with appropriate recommendations and providing information to the public on the above subjects. As required by the Agreement, the IJC established the Great Lakes Water Quality Board, which serves as the IJC's principal advisor on matters pertaining to the Agreement, and the Great Lakes Science Advisory Board, to advise the IJC on research and scientific matters. The Boards provide major reports to the IJC at public meetings.

The IJC, as authorized by the Great Lakes Water Quality Agreement, has established a Regional Office in Windsor, Ontario to assist it in the work required by the Agreement. The Office assembles and analyzes data to determine compliance with water quality objectives, performs independent evaluations when required, acts as a secretariat to the Great Lakes Water Quality Board and the Great Lakes Science Advisory Board, and provides direct staff support to the IJC on matters related to the Agreement, including public information.

In conjunction with these activities, the IJC will hold two week-long semi-annual meetings (as required by its Rules of Procedure) to consider ongoing activities under References and Applications. The IJC will also issue its fifth biennial report on Great Lakes Water Quality under the Revised 1978 Great Lakes Water Quality Agreement. In addition to those identified above, executive meetings and public hearings are scheduled to consider specific issues under ongoing References and Applications.

The FY 1991 request includes an increase of $13,000. This increase will partially offset wage and price increases.

INTERNATIONAL JOINT COMMISSION

	Positions		Funds
	American	FSN	
1991 Request......................	--	--	$489

Special & Technical Investigations by U.S. Geological Survey

The Boundary Waters Treaty of 1909 and subsequent proceedings of the International Joint Commission provide for the regulation of levels and flows of boundary waters between the United States and Canada, the apportionment of transboundary rivers and the assessment of water quality in rivers and lakes along the boundary. Technical assistance is provided to the United States Section of the International Joint Commission by the U.S. Geological Survey, principally through collection and analysis of streamflow data (quantity, quality, sediment load) on international boundary waters. This information provided is necessary to effectively accomplish the investigative, administrative, and judicial functions of the IJC.

The FY 1991 program assists the IJC by: obtaining water information for currently active studies referred to the IJC; carrying out the pertinent portions of international agreements and IJC Orders; investigating the water resources of problem areas or of those subject to international development; anticipating and resolving water apportionment disputes and other water problems; and analyzing the water situation as required.

This is a continuing program that provides for: collection and analysis of streamflow data and other hydrologic information; collection and analysis of chemical quality and sediment data; operation, maintenance and reconstruction of gaging station structures and equipment; making detailed computations and issuing appropriate directives pertaining to the apportionment of available supplies in the St. Mary-Milk River basins as specified in the Boundary Waters Treaty and subsequent IJC Orders; participation in activities of international engineering boards, committees, and work groups, including attendance at meetings and conduct of special studies as required; and technical liaison with representatives of the Water Survey of Canada to provide for interchange and mutual acceptance of data for international gaging stations, special studies, and apportionment procedures.

INTERNATIONAL JOINT COMMISSION

	Positions		Funds
	American	FSN	
1991 Request......................	--	--	$150

New Reference Referral Start-Up Fund

This fund permits the initiation of activities on new Applications under Articles III, IV, and VIII and new References under Article IX of the Boundary Waters Treaty of 1909 until the International Joint Commission and the involved Federal and State agencies have funds incorporated into their appropriations to continue this work. The fund has been used several times in past fiscal years and has enabled the United States to participate promptly in achieving the Department-wide goal of strengthening efforts of the international community to solve transnational problems.

No increase in this program is requested for FY 1991.

Mr. **Mollohan**. Here to testify in support of this request is Gordon K. Durnil, Chairman of the United States Section of the Commission.

Chairman Durnil, since this is your first appearance before the Committee, we will insert your biographical sketch in the record at this point.

[The biography follows:]

Biography of Gordon K. Durnil, Chairman, United States Section

Gordon K. Durnil of Indianapolis, was nominated to the International Joint Commission by President George Bush. Following confirmation of his appointment by the United States Senate, Mr. Durnil assumed his duties on October 10, 1989. He was elected Chairman of the U.S. Section by his colleagues.

Mr. Durnil earned a Doctor of Jurisprudence Degree from the Indiana University School of Law in 1965 and a Bachelor of Science Degree from the Indiana University School of Business in 1960. His career has included positions in the fields of small business management, politics, government, sales and the general practice of law.

Between 1981 and 1989, Mr. Durnil served as Chairman of the Indiana Republican Party. He served in a management position in thirty-four statewide campaigns, winning 29. He has served as a manager of senatorial, gubernatorial and national campaign committees. He has supervised tens of thousands of volunteers in each election campaign cycle over the past two decades, and has experience in the fields of advertising and public relations.

Mr. Durnil has served as a Director of the Indiana Ronald McDonald House since its inception in 1979. He has served in numerous community activities, including president of his high school alumni association and director of his fraternity alumni association. Born in 1936, Mr. Durnil is married and the father of two grown children.

GENERAL STATEMENT

Mr. **Mollohan**. Do you have a written statement?

Mr. **Durnil**. Yes, we do.

Mr. **Mollohan**. We invite you to submit the written statement in the record and if you would summarize with a certain amount of brevity, we would appreciate it.

Mr. **Durnil**. I would be happy to do that.

Again, we have asked for the amount that you stated, $3,652,000. We are a commission organized in 1909. We have a variety of responsibilities. The governments of the two countries ask us to conduct studies and we have boundary-wide responsibilities. We have an ongoing responsibility to study Great Lakes fluctuating water levels, but the activity that takes most of our time and effort is the Great Lakes Water Quality Agreement. We have an office here in Washington, D.C., the Canadians have theirs in Ottawa and we have a joint office in Windsor, Ontario, that we share equally on the costs.

So, with that, I would be happy to answer any questions.

[The statement of Mr. Durnil follows:]

DEPARTMENT OF STATE
1991 BUDGET ESTIMATES

STATEMENT OF
GORDON K. DURNIL, CHAIRMAN OF U.S. SECTION
INTERNATIONAL JOINT COMMISSION
(UNITED STATES AND CANADA)

Before

THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS

For

COMMERCE, JUSTICE, STATE, THE JUDICIARY
AND RELATED AGENCIES

AMERICAN SECTIONS, INTERNATIONAL COMMISSIONS
(INTERNATIONAL JOINT COMMISSION)

Mr. Chairman and Members of the Subcommittee:

It is a pleasure to appear before you to present the request of the United States Section of the International Joint Commission for FY 1991. I am Gordon K. Durnil, Chairman of the Untied States Section. I have with me today David A. LaRoche, Secretary of the United States Section and Mrs. Louise L. Cox, Administrative Officer.

The International Joint Commission (U.S. and Canada) was established by the terms of the Boundary Waters Treaty of 1909. The Commission represents a unique effort between neighboring nations to work together cooperatively in preventing and resolving differences along the shared boundary. The Commission's work includes regulation of water levels and flows along the boundary through Boards of Control which oversee the operation of projects such as hydro power plants which have the effect of either changing the levels of boundary and transboundary waters or the quantities of these waters available to various users. The Commission also conducts studies requested by the two governments on various environmental issues along the boundary.

The Commission is a six-member group. Three are appointed by the President of the United States with advice and consent of the Senate; three are appointed by the Prime Minister of Canada. The United States Section has its headquarters in Washington, D.C. The Canadian Section has its headquarters in Ottawa. In addition, both countries share the expense of a jointly staffed Regional Office in Windsor, Ontario. The function of the Regional Office is to assist the Commission with its responsibilities to assess progress by the two countries under the Revised Great Lakes Water Quality Agreement of 1978 by analyzing data, and other information received from the Federal, state and provisional governments acting as a Secretariat to technical advisory boards and task forces, and providing expert scientific and technical assistance to the Commission on Great Lakes issues.

Additionally, the U.S. Section contracts with the U.S. Geological Survey for data collection regarding water flows, water quality, and sediment transport in all watersheds for which the Commission has reference responsibility other than in the Great Lakes Region. This arrangement supports the work of several of the Commission's Boards with responsibilities for waterways and projects in the States of Maine, Minnesota, North Dakota, Montana, Idaho and Washington.

The Fiscal Year 1991 budget request for the United States Section of the International Joint Commission totals $3,652,000 of which $489,000 will be allocated to the U.S. Geological Survey. The total represents a net decrease of $46,000 over Fiscal Year 1990. These changes consist of a small increase of $13,000 to partially offset wage and price inflation for U.S. Section activities and a decrease of $59,000 in funding for the U.S. Geological Survey Special and Technical Investigations activity, which supports the international gaging station program.

Among the activities and planned accomplishments during the coming fiscal year are the following:

First, the Commission intends to increase its level of activity under the Great Lakes Water Quality Agreement. The revised Agreement requires the Governments of the United States and Canada to prepare and submit to the Commission biennial reports on several subjects, including airborne toxic substances, pollution from contaminated sediment, and the control of non-point pollution. The next set of reports are due early in FY 1991. The Commission intends to engage a broad public discussion on these reports shortly thereafter. In addition, the governments are responsible for the preparation of Remedial Action Plans for 42 areas of concern in the Great Lakes Basin and Lakewide Management Plans for critical pollutants. It is the Commission's responsibility to review and comment on these plans in a thorough and timely fashion. The Commission is exploring ways to streamline and intensify its review process for these plans.

Second, the Commission will continue work on the 1986 Reference from Governments of the United States and Canada to examine ways to alleviate the adverse effects of fluctuating Great Lakes water levels. Specifically, the Commission will be monitoring the work of its recently established study board for Phase II of the work under the reference.

Third, the Commission will continue work and submit an annual report under the recently reactivated reference on air pollution in the Detroit-Windsor area.

During this fiscal year, the Commission heard public comments on the report of its project management team regarding Phase I of the 1986 reference in fluctuating Great Lakes water levels and established a study board for Phase II of the effort. The Commission also held its regular biennial meeting on Great Lakes Water Quality in October 1989 and has commenced work on a recently reactivated reference on air pollution in the Detroit-Windsor area. Shortly the Commission will submit its fifth biennial report on Great Lakes water quality.

These, Mr. Chairman, are highlights of the request of the U.S. Section of the International Joint Commission for FY 1991. I will be glad to answer any questions you or the members of the Committee may have regarding this request.

U.S. GS SPECIAL AND TECHNICAL INVESTIGATIONS

Mr. **Mollohan**. You are requesting a reduction of $59,000 in the U.S. Geological Survey special and technical investigations activity, because of current budgetary constraints. How will the international gauging station program be carried out if these funds are not provided?

Mr. **Durnil**. The Secretary of the Commission, David LaRoche, is with me. David, could you answer that specifically? I am not sure I know the specific answer to that.

Mr. **LaRoche**. They will have to make choices. They have a routine maintenance part of the budget for these gauging stations and from time to time they will recommend the establishment of a new gauging station to meet a responsibility for a joint work program with the Canadians. Part of our reality, is they will have to make choices, just as we have to make choices with our reduced amount.

Mr. **Mollohan**. What impact on the system will that have, in your judgment?

Mr. **LaRoche**. It is hard to say at this point. I do not know that we could speak to that specifically, but there is no question but that the USGS works with us pertinent to a number of references and applications we have along the boundary and, again, very likely, it is just a guess, they would have to put off ongoing repairs on some of those gauging stations. That would mean that the respective agencies on each side of the border will not get data and information they might otherwise need to be able to assess the extent to which an application, an order that we have issued for an application, is being met, or to be able to monitor effective pollutant loadings on one side or the other.

GREAT LAKES REGIONAL OFFICE WATER QUALITY AGREEMENT ACTIVITIES

Mr. **Durnil**. I think, Mr. Chairman, a more serious matter might be that we share, Canada and the United States shares the cost of the Windsor office and in the next fiscal year, which is the last six months of our fiscal year and the first six months of our next fiscal year—the Canadian fiscal year begins April 1st—they are appropriating about $315,000 more than what we are appropriating, so that is one point that could be kind of embarrassing for us.

Mr. **Mollohan**. Are you at that point?

Mr. **Durnil**. This is the first time that the spread has been as wide as it is. There have been differing amounts before, but this is $315,000 difference and if they do not match theirs, that is $600,000 out of a total $3 million budget.

Mr. **LaRoche**. And most of that $3 million, of course, is for fixed expenses at this point, which virtually means the elimination of program money, for work being done under the agreement. The protocol to the agreement, signed in 1987, gives the commission an increased assessment role and that assessment role, of course, is very difficult to carry out if you have no program money with which to make assessments. In effect, the Canadian government is subsidizing U.S. participation in the agreement by the additional $315,000.

Mr. **Mollohan**. If they choose to do that.

Mr. DURNIL. If they choose to do that.

Mr. MOLLOHAN. Would you all look at in more detail and submit a written response for the record.

Mr. DURNIL. Certainly.

[The information follows:]

GREAT LAKES REGIONAL OFFICE WATER QUALITY AGREEMENT ACTIVITIES

There is no doubt that the Great Lakes Water Quality Agreement (Agreement) is receiving considerable increased attention in both the United States and Canada. With the signing of the Protocol to the Agreement in 1987, both nations committed themselves to increase Agreement efforts and gave additional responsibilities to the Commission.

As a general matter, the provision of resources for Commission activities under the Agreement are shared equally by the United States and Canadian Governments. The Agreement states that each Party shall seek funds to pay one-half of the annual budget but that neither Party shall be under an obligation to pay a larger amount than the other toward the Budget. For the upcoming Canadian fiscal year, which comprises the last six months of U.S. FY '90 and the first six of the U.S. FY '91, the Canadian Government has appropriated approximately $315,000.00 more to the Commission's operations than the U.S. Government. It is impossible to say if the Canadian Government will continue to do this, as it is in effect a subsidy to U.S. Government participation in Agreement activities.

Should Canada conclude that it is not willing to underwrite a disproportionate share of Commission Agreement activities, Commission activities under the Agreement would likely be seriously curtailed. Specifically, the Commission's role of Agreement evaluator, a role assigned to it under the 1987 Protocol to the Agreement, would become difficult if not impossible to perform.

Mr. MOLLOHAN. Thank you, Mr. Chairman. We have a number of questions we are going to submit for the record. We appreciate your testimony here.

Thank you very much.

[The following questions were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

International Joint Commission

QUESTION: How much was sequestered from your appropriation for FY 1990, and what was the impact of the reduction on your activities?

ANSWER: $52,000 was sequestered in FY 1990 pursuant to Public Law 99-170, The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Reaffirmation Act of 1987 (Public Law 100-119). The reduction will limit the analyses that can be carried out under the Great Lakes Water Quality Agreement and the maintenance of gaging stations along the International Boundary. The effects will be more severe if the reductions are carried forward in the future years.

QUESTION: What was your budget request to OMB for FY 1991, what reductions did OMB make to your request, and what will be the impact of those reductions on your program.

ANSWER: Our FY 1991 request to OMB WAS $3.968 million. This amount was reduced by $316,000 when State and OMB settled on the level for the Administration's request of $3.562 million. The major impact will be a significant reduction in the activities we can carry out under the Great Lakes Water Quality Board and Science Advisory Board. There will also be a significant reduction in the funds available for maintenance of gaging stations along the International Boundary.

QUESTION: In your statement you indicate a requested increase of $13,000 to partially offset wage and price increases for the U.S. Section. How much of those increases were not covered in your budget request, and how are you going to finance those costs?

ANSWER: This budget request does not include the remaining $105,000 which will be needed to cover additional wage and price increases for FY 1991. It will be necessary to reprogram funds from other areas such as other services (which supports our ongoing reference activities), travel and printing. Most likely this will reduce the funds that will be available to support work under the 1986 Great Lakes Levels Reference.

QUESTION: Focusing on the extent to which the International Joint Commission's recommendations have been implemented, in 1989 the GAO reported that the U.S. Government had not implemented many of the 56 recommendations made by the IJC. What is the purpose of having the IJC if its recommendations are not being implemented?

a. What unique function does the IJC perform that the Environmental Protection Agency, established in 1970, or some other agency could not perform?

ANSWER: Actually a reading of the GAO Report shows that two-thirds of the recommendations made by the Commission since 1982 have in fact been implemented by the United States Government. The extent to which the remaining one-third of the recommendations have not been implemented and the reasons for same are to be supplied by the State Department to the International Joint Commission. The undertaking to respond in writing regarding the reasons for the lack of implementation of one-third of the recommendations was contained in the State Department response to the GAO Report.

We assume that the second part of your question relates to our role under the Great Lakes Water Quality Agreement. The Parties to the Agreement, by way of the respective agencies in the United States and Canada, are to implement its provisions. The Governments have concluded that evaluation of their progress should not be undertaken by the same agencies that are responsible for implementation, and therefore have asked the Commission to assume, among other things, an evaluative role. In short, having the Commission become an evaluator makes it possible to credibly separate the roles of implementor and evaluator.

We should also note that the Commission's responsibilities do not just involve water quality questions, nor are they exclusively related to the Great Lakes. The Commission is actively involved in 23 work areas involving water quality, water quantity and air quality issues, from Maine and New Brunswick in the East, to Washington State and British Columbia in the West.

QUESTION: What is the process by which the Commission reviews the U.S. and Canadian Governments' preparation of remedial action plans for the Great Lakes Basin and Lake-wide management plans for critical pollutants?

ANSWER: The review of Remedial Action Plans for designated Areas of Concern is an extremely important and resource intensive activity of the Commission under the Revised Great Lakes Water Quality Agreement. When a Remedial Action Plan is received it is referred to the Commission's Great Lakes Water Quality Board which oversees the technical review with the support of the Commission's Regional Office. All committees and subcommittees of the Board (which include individuals from several U.S. and Canadian agencies) participate, and input also comes from members of the Commission's Science Advisory Board and from the Great Lakes Fishery Commission. This review is summarized and forwarded to the Commission. The Commission adds its own comments and the review package is then transmitted to the two Federal Governments with a copy to the appropriate state or provincial person.

No Lakewide Management Plans have yet been submitted, and a process for their review has not been developed.

QUESTION: In your statement you indicate that the Commission will continue to work on the 1986 Reference from the U.S. Government and Canada to examine ways to alleviate the adverse effects of fluctuating Great Lakes water levels. When will this work be completed, how much have we spent to day, and what recommendations will the Commission make on this matter?

ANSWER: The Commission's work under the Great Lakes Levels Reference is scheduled to be completed by the end of 1991. To date the United States has spent approximately four million dollars. The Commission will be making recommendations on measures which Governments could take under crisis conditions to alleviate problems created by high and low lake levels. These recommendations would be based on an examination of past, present and potential future changes in land use and management practices along the shore lines of the Great Lakes, their connecting channels and the St. Lawrence River. They would also be based on an investigation of any feasible methods of improving the outflow capacity of connecting channels and the St. Lawrence River.

Further, the Commission will be forwarding a suggested information program which could be carried out by responsible Governmental agencies to better inform the public about lake level fluctuations.

TUESDAY, MARCH 20, 1990.

INTERNATIONAL FISHERIES COMMISSIONS

WITNESSES

PETER J. DE VOS, ACTING ASSISTANT SECRETARY, OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

H. STETSON TINKHAM, FOREIGN AFFAIRS OFFICER, OFFICE OF FISHERIES AFFAIRS

SHARON W. STANLEY, EXECUTIVE DIRECTOR

JAMES C. LEWIS, BUDGET OFFICER

Mr. MOLLOHAN [presiding]. The next item that we will consider is the fiscal year 1991 budget request for the International Fisheries Commissions.

The request is for $10,700,000. This amount is a reduction of $1,600,000 below the fiscal year 1990 appropriation, adjusted for sequestration.

We will insert the budget justification materials submitted in support of this request in the record at this point.

[The justification follows:]

INTERNATIONAL FISHERIES COMMISSIONS

[Notwithstanding section 15(a) of the State Department Basic Authorities Act of 1956, as amended, for] For necessary expenses for international fisheries commissions, not otherwise provided for, [$12,300,000] *$10,700,000: Provided*, That the United States share of such expenses may be advanced to the respective commissions, pursuant to 31 U.S.C. 3324(b). *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

INTERNATIONAL FISHERIES COMMISSIONS

FY 1991

SUMMARY STATEMENT
(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
--	$10,548	--	$12,147	--	$10,700	--	-$1,447

I. Summary

This appropriation funds the United States' share of expenses of ten bilateral and multilateral international fisheries organizations established by treaties, participation in the International Council for the Exploration of the Sea, participation in the Pacific International Council for the Exploration of the Sea, and the travel expenses of the United States Commissioners and their advisors. The legislation for the Pacific Salmon Commission also provides for salary payments to its commissioners and alternates, as well as panel members and alternates, who are not federal or state employees, for days actually worked on Commission business.

The FY 1990 estimates reflect the impact of FY 1990 sequestration pursuant to Public Law 99-177, The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Reaffirmation Act of 1987 (Public Law 100-119).

II. Current Programs

These international fisheries organizations conduct continuing scientific studies on the resources for which they are responsible and recommend conservation measures to member governments based on the results of these studies. Through the positive ongoing efforts of the commissions, many previously overfished areas are now yielding abundant catches to commercial and sport fishermen. For example, the halibut catch increased from 22,000,000 pounds in the late 1970's to 73,700,000 pounds in 1988, with an estimated retail value of $210-260 million. Reported catches from other commissions were equally impressive. The Pacific Salmon Commission, established in 1985, is bringing a much greater area of the Pacific coastline of the U.S. and Canada under salmon conservation measures than was previously covered by the International Pacific Salmon Fisheries Commission, which was terminated in 1986 and whose area of responsibility was absorbed by the new commission. Also, efforts to eradicate the sea lamprey populations in the Great Lakes have been extremely successful, permitting the introduction of Pacific Salmon, rainbow, and brown trout and the rehabilitation of the lakes. This fish planting program, coordinated by the Commission, and the sea lamprey management program under its aegis, has fostered the development of a Great Lakes sport fishery of extreme economic importance to the region. Annual expenditures for angling for Great Lakes fish in 1987 were estimated at $2 billion, about half of which went toward purchasing boats,

INTERNATIONAL FISHERIES COMMISSIONS

II. Current Programs (continued)

motors, boat trailers, and related equipment, and the other half was spent on tourism. The total economic impact of Great Lakes angling is about $4.67 billion. Added to this amount is a commercial catch of Great Lakes fish whose landed value in 1987 was about $16,940,000, with a total economic impact of about $91,700,000. Thus, the combined total economic impact of the recreational and commercial fisheries of the Great Lakes is about $4,761,700,000 annually. Also, conservation programs of the North Atlantic Salmon Conservation Organization and the Commission for the Conservation of Antarctic Marine Living Resources continue to develop rapidly.

III. 1991 Plans

The FY 1991 request maintains operations at a level consistent with current budgetary constraints, while allowing sufficient funding to carry out the Commission's highest priority program activities.

International Fisheries Commissions

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
International Fisheries Commissions				
International Pacific Halibut Commission..............	$763	$788	-$8	$780
Inter-American Tropical Tuna Commission.................	2,679	2,835	36	2,871
International Whaling Commission......................	36	32	15	47
International North Pacific Fisheries Commission......................	118	119	11	130
Great Lakes Fishery Commission......................	4,559	6,441	-1,201	5,240
International Commission for the Conservation of Atlantic Tunas..................	74	74	29	103
Northwest Atlantic Fisheries Organization..........	--	16	-16	—
Pacific Salmon Commission........	1,253	1,650	-320	1,330
Commission for the Conservation of Antarctic Marine Living Resources.........	44	49	1	50
North Atlantic Salmon Conservation Organization.......	16	15	—	15
International Council for the Exploration of the Sea.........................	82	85	5	90
Expenses of the U.S. Commissioners...................	49	43	1	44
Unobligated Balance Lapsing.........................	875	—	—	—
GRAND TOTAL	10,548	12,147	-1,447	10,700

International Fisheries
Commissions

SUMMARY OF CHANGE
(DOLLARS IN THOUSANDS)

Program Activities	POSITIONS			FUNDS		
	American Pos.	FSNs	Total	Bureau Managed	American Salaries	Total
1989 ENACTED	--	--	--	$10,548	--	$10,548
1990 BASE	--	--	--	12,147	--	12,147
1990 ESTIMATE	--	--	--	12,147	--	12,147
1991 PROGRAM CHANGES						
International Fisheries Commissions						
International Pacific Halibut Commission	--	--	--	-8	--	-8
Inter-American Tropical Tuna Commission	--	--	--	36	--	36
International Whaling Commission	--	--	--	15	--	15
International North Pacific Fisheries Commission	--	--	--	11	--	11
Great Lakes Fishery Commission	--	--	--	-1,201	--	-1,201
International Commission for the Conservation of Atlantic Tunas	--	--	--	29	--	29
Northwest Atlantic Fisheries Organization	--	--	--	-16	--	-16
Pacific Salmon Commission	--	--	--	-320	--	-320
Commission for the Conservation of Antarctic Marine Living Resources	--	--	--	1	--	1
International Council for the Exploration of the Sea	--	--	--	5	--	5
Expenses of the U.S. Commissioners	--	--	--	1	--	1
Sub-total International Fishe Commissions	--	--	--	-1,447	--	-1,447
TOTAL PROGRAM CHANGES	--	--	--	-1,447	--	-1,447
1991 REQUEST	--	--	--	10,700	--	10,700

International Fisheries Commissions

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
2100 TRAVEL AND TRANSPORTATION OF PERSONS.............	$480	$575	$--	$575	$--
2500 OTHER SERVICES........	287	382	--	382	--
4100 GRANTS, SUBSIDIES AND CONTRIBUTIONS.......	8,906	11,190	-1,447	9,743	-1,447
9900 UNOBLIGATED BALANCE LAPSING.............	875	--	--	--	--
Total, Budget Unit	10,548	12,147	-1,447	10,700	-1,447

INTERNATIONAL FISHERIES COMMISSIONS

FY 1991

JUSTIFICATION OF PROGRAM ACTIVITIES

(dollars in thousands)

	Positions		Funds
	American	FSN	
1991 Request.....................	--	--	$10,700

Funding in this appropriation provides the United States' share of the operating expenses for ten international fisheries commissions, two international fishery councils, and travel expenses of the United States Commissioners and their Advisors. Also, in the case of the Pacific Salmon Commission, salary costs are provided for days actually worked on commission business for Commissioners and their Alternates who are not Federal or State employees and for Panel Members and their Alternates who are not Federal or State employees. The activities of each commission are detailed in the paragraphs which follow:

International Pacific Halibut Commission............................$780,000

The 1953 Convention between the United States and Canada for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea charges the Commission with developing and maintaining stocks of Pacific halibut at levels which will permit optimum yield. It further requires that the Commission's regulatory actions be based on the results of scientific investigations. A protocol to the Halibut Convention was negotiated in early 1979 to meet conditions required by the Magnuson Conservation and Management Act of 1976. Scientific management of the fishery is more complex under the Protocol, and requires more precise biological information. Since the early 1960's massive foreign trawl fisheries of Japan and the U.S.S.R., operating in the north Pacific and Bering Sea, reduced the annual catch from 70,000,000 to 50,000,000 pounds. To maintain the stocks, the Commission was forced to reduce the catch limit for United States and Canadian setline vessels. Negotiations by the United States and Canada with Japan and the U.S.S.R. were successful in obtaining trawl restrictions recommended by the Commission. A Commission decision was made to reduce the catch in the late 1970's to a 22,000,000 pound level, a level below the productivity of the resource, so that the resource could recover. Thus far, the recovery effort has been successful and the level of catch is now increasing. The 1988 catch quota was 73,700,000 pounds, with an estimated retail value of $210-$260 million dollars.

The 1991 assessment decrease is $8,000.

Inter-American Tropical Tuna Commission..........................$2,871,000

This Commission, established under a Convention which entered into force on March 3, 1950, is composed of the following member nations: France, Japan, Nicaragua, Panama, and the United States. The Commission is charged with maintaining the populations of yellowfin and skipjack tuna and tuna-like

Inter-American Tropical Tuna Commission (continued)

fishes caught in the eastern Pacific Ocean, and for maintaining the populations of those fishes at levels which will permit maximum yields on a sustained basis. In addition to tunas, since 1976 the Commission has had the responsibility for conducting research on the stocks of dolphins and other marine mammals taken in conjunction with tunas, and for developing methods that will ensure that dolphins are not needlessly nor carelessly killed during fishing operations.

The Commission collects, compiles and analyzes tuna catch statistics and logbook data obtained directly from fishing fleets and processing plants; conducts investigations of the biology, life history, vital statistics, population structure and behavior of tunas, and oceanic circulation of tuna migrations, rates of intermingling of stocks, and mortality and growth.

Although the harvest of tuna has more than doubled since the 1960's, it has not increased in proportion to the increase in fleet capacity, which has approximately quadrupled. To prevent overfishing, the Commission's conservation program regulated fishing in geographical areas within the conservation zone of the Commission. The program was successful in maintaining the yellowfin tuna stock near its optimum level from which it could support high average yields. Since 1980 there has been no continuing conservation program due to lack of agreement among nations to implement it, yet there is a strong need to maintain the Commission's research programs. Of fundamental importance is the maintenance of the basic catch, effort and size composition data base. Without such statistics, it would be impossible to make assessments of the impact of fishing on the stocks, as well as impossible to partition catches among geographically and biologically distinct areas, all of which are essential to conservation management.

The 1991 assessment increase of $36,000 will be used primarily in support of recent changes to the Marine Mammal Act which call for the placing of additional porpoise observers aboard purse-seine tuna fishing vessels.

International Whaling Commission....................................$47,000

The 1948 Convention on Whaling called for the establishment of this Commission to provide for the conservation, development, and optimum utilization of the whale resources based on scientific findings, taking into consideration the interest of the consumers of whale products and the whaling industry, by 1) collecting and analyzing statistical information concerning the current condition and trend of whale stocks and the effects of whaling activities thereon; and 2) studying, appraising and disseminating information concerning methods of maintaining and increasing the populations of whale stocks. The current membership of the Commission includes the following thirty-eight nations: Antigua and Barbuda; Argentina; Australia; Brazil; Chile; People's Republic of China; Costa Rica; Denmark; Egypt; Finland; France; Federal Republic of Germany; Iceland; India; Ireland; Japan; Kenya; Republic of Korea;

INTERNATIONAL FISHERIES COMMISSIONS

International Whaling Commission (continued)

Mexico; Monaco; Netherlands; New Zealand; Norway; Oman; Peru; Senegal; Seychelles; Solomon Islands; Spain; Sweden; Republic of South Africa; St. Lucia; St. Vincent and the Grenadines; Switzerland; United Kingdom; U.S.S.R.; Uruguay; and the United States.

The International Whaling Commission (IWC) has experienced financial difficulties in recent years and assessments have increased. The FY 1991 increase of $15,000 will allow the U.S. to pay its full assessment to the IWC.

International North Pacific Fisheries Commission....................$130,000

The 1953 Convention for the High Seas Fisheries of the North Pacific Ocean was signed by the United States, Canada, and Japan calling for the formation of this Commission, whose expenses are borne equally by the three member governments. Its goals and objectives are to promote and coordinate scientific studies necessary to ascertain the conservation measures required to secure the maximum sustained productivity of fisheries of joint interest to the member governments. The Commission studies and makes recommendations on any stock of fish which is under substantial exploitation by two or more of the member nations, and which is not covered by a conservation agreement. It makes recommendations regarding conservation measures and necessary restraints on members' own nationals and fishing vessels. It reports conservation measures adopted with regard to fish stocks of interest to members, recommends penalties for violations, and reports annually on operations, investigations and findings.

The 1991 assessment increase is $11,000.

Great Lakes Fishery Commission....................................$5,240,000

The Convention on Great Lakes Fisheries between the United States and Canada, ratified on October 11, 1955, called for the formation and maintenance of this joint Commission. The Commission is charged with formulating research programs designed to secure, in the Great Lakes and their tributaries, the maximum sustained productivity of any stock of fish which is of common concern to the United States and Canada. The Commission determines which measures are best adapted for that purpose, coordinating research made pursuant to such programs and, if necessary, with undertaking the research itself. It recommends appropriate measures to both nations on the basis of the research; formulates and implements programs to eradicate or minimize sea lamprey in the Great Lakes and their tributaries. The Commission publishes, or authorizes publication of, scientific and other information obtained. Expenses of the Commission are borne equally for the administration and general research categories of the budget, but are divided 69% U.S./31% Canada for the program of lamprey eradication and control, the ratio established on the basis of the average annual commercial catch of lake trout in the United States and Canada before sea lampreys entered the Great Lakes.

INTERNATIONAL FISHERIES COMMISSIONS

Great Lakes Fishery Commission (continued)

The major portion of the Commission's effort is directed toward the Sea Lamprey Control and Research Program. Since sea lamprey control measures were introduced in the mid-1950's, outstanding results have been achieved by the Commission in reducing and holding sea lamprey populations in the Lakes to about 5-10% of their former abundance. This has made possible the successful introduction of Pacific salmon and the rehabilitation of highly desirable stocks of lake, rainbow, brown trout, and whitefish. These rehabilitation efforts, supplemented by approximately 41,000,000 salmon and trout plantings each year, have created a sport fishery with an economic impact of approximately $4,670,000,000 in the Great Lakes area. Sea lamprey control also benefits the commercial fishing industry. Since sea lamprey controls have been implemented, substantial increases had been noted in the abundance of whitefish. In addition, lake trout are caught commercially in some areas.

The Commission's staff of seven, at its Secretariat in Ann Arbor, Michigan, executes the administrative responsibilities of the Commission. It also administers a general research program under the advice and direction of the Commission's Board of Technical Experts which addresses critical areas that are impeding lake trout restoration, economic assessment, and a merging of fish habitat and ecosystem approach concerns.

International Commission for the Conservation of Atlantic Tunas.......$103,000

This Commission studies and researches the populations of tuna and tuna-like fishes found in the Atlantic Ocean to maintain these populations at levels which will permit the maximum sustainable catch for food and other purposes. The Commission is responsible for a program of research on the abundance, biometry and ecology of tunas, the oceanography of their environment, and the effects of natural human factors upon their abundance. Specific duties of the Commission include (a) collecting and analyzing statistical information relating to the current condition and trends of the tuna fishery resources; (b) studying and appraising information concerning measures and methods to ensure maintenance of the populations of tuna and tuna-like fishes at levels which will permit the maximum sustainable catch and will ensure the effective exploitation of the fishes in a manner consistent with this catch; (c) recommending studies and investigations to the member nations; and (d) publishing and otherwise disseminating reports of its findings, e.g., statistical, biological and other scientific information.

The International Convention for the Conservation of Atlantic Tunas was entered into force on March 21, 1969, and currently has twenty-two member nations: Angola; Benin; Brazil; Canada; Cape Verde; Cuba; France; Gabon; Ghana; Ivory Coast; Japan; Republic of Korea; Morocco; Portugal; Sao Tome and Principle; Senegal; Republic of South Africa; Spain; Uruguay; U.S.S.R.; Venezuela; and the United States.

The 1991 assessment increase is $29,000.

INTERNATIONAL FISHERIES COMMISSIONS

Northwest Atlantic Fisheries Organization..............................$0

Due to the current budgetary situation, no funding is requested for this organization in FY 1991.

Pacific Salmon Commission.......................................$1,330,000

This Commission was established under provisions of the Pacific Salmon Treaty signed by the United States and Canada on January 28, 1985. The Commission's activities are concerned with conservation measures necessary to enable the two member countries to save the salmon resource, to replenish it and to share it. Conservation and management activities of the Commission are performed upon recommendations of three Panels, the joint United States and Canadian Northern Panel, Southern Panel, and Fraser River Panel. The Panels, in turn, receive information and recommendations from each country and from Joint Technical Committees, as established. The Fraser River Panel assumed the responsibilities of the former International Pacific Salmon Fisheries Commission.

Negotiations continue between the two countries regarding conservation and management of salmon stocks of the Yukon River. An agreement between the two countries has been reached to form a Yukon River Panel for these conservation and management activities. When formed, the Yukon River Panel will become the fourth panel of the Pacific Salmon Commission.

The FY 1991 request is consistent with budgetary constraints, but provides sufficient funds for ongoing activities of the Commission.

Commission for the Conservation of Antarctic Marine Living Resources..$50,000

The establishment of this Commission was recommended by the Antarctic Treaty Consultative Parties at their London Meeting in 1977 to develop and implement measures to ensure effective conservation and management of Antarctic marine living resources based on an ecosystem approach. The following nineteen countries are currently members of the Commission: Argentina; Australia; Belgium; Chile; European Economic Community; France; German Democratic Republic; Federal Republic of Germany; Japan; Republic of Korea; New Zealand; Norway; Poland; South Africa; Spain; Sweden; United Kingdom; U.S.S.R.; and the United States. Membership in this Commission, which is headquartered in Hobart, Tasmania, Australia, enables the United States to help ensure the renewability of the world's largest untapped source of marine protein, and aids in protecting future U.S. access to important marine resources in the Antarctic region.

The assessment increase is $1,000.

North Atlantic Salmon Conservation Organization.......................$15,000

The objectives of this organization are to promote the conservation, restoration, enhancement and rational management of salmon stocks in the North

INTERNATIONAL FISHERIES COMMISSIONS

North Atlantic Salmon Conservation Organization (continued)

Atlantic Ocean through international cooperation and the acquisition, analysis, and dissemination of scientific information pertaining to these salmon stocks. A Convention for the Conservation of Salmon in the North Atlantic Ocean was adopted and signed in 1982, and provided for the establishment of the Secretariat in Edinburgh, Scotland. Current membership in the Organization consists of Canada; Denmark (representing the Faroe Islands); the European Economic Community; Finland; Iceland; Norway; Sweden; and the United States.

The Organization consists of a council which provides overall direction; three regional commissions - the North American Commission, the West Greenland Commission, and the North-East Atlantic Commission; and a secretary. Under the current scheme, assessments are calculated as follows: 30% divided equally among the members, and 70% divided among the members in proportion to their nominal catches.

International Council for the Exploration of the Sea..................$90,000

The Council is concerned with the Atlantic Ocean and its adjacent seas, but primarily with the North Atlantic. Its major objectives are to promote and encourage research and investigation for the study of the sea, particularly related to its living resources. The Council draws up programs required and organizes, in agreement with member nations, such research and investigation as may appear necessary, and publishes or encourages the publication of the results of that research and investigation carried out under its auspices.

The Council consists of eighteen members: Belgium; Canada; Denmark; Finland; France; German Democratic Republic; Federal Republic of Germany; Iceland; Ireland; The Netherlands; Norway; Poland; Portugal; Spain; Sweden; United Kingdom; U.S.S.R.; and United States. The Secretariat is located in Copenhagen, Denmark.

The FY 1991 assessment increase is $5,000.

Expenses of the United States Commissioners..........................$44,000

The United States Commissioners to the various fishery commissions are appointed by the President and are responsible to the Secretary of State in carrying out their duties. They receive transportation expenses and per diem while engaged in work of the various Commissions and the U.S. sections but, with the exception of the Pacific Salmon Commission, no salary costs. The amount budgeted under this activity provides for United States participation in 1) bilateral fisheries commission meetings for the following commissions: International Pacific Halibut Commission, and the Great Lakes Fishery Commission, but not the Pacific Salmon Commission whose expenses are included in the funding request for that commission as provided under Public Law 99-5; 2) multilateral fisheries commissions: Inter-American Tropical Tuna Commission, International Whaling Commission, International North Pacific

INTERNATIONAL FISHERIES COMMISSIONS

Expenses of the United States Commissioners (continued)

Fisheries Commission, North Pacific Fur Seal Commission, International Commission for the Conservation of Atlantic Tunas, Northwest Atlantic Fisheries Organization, Commission for the Conservation of Antarctic Marine Living Resources, North Atlantic Salmon Conservation Organization, and International Council for the Exploration of the Sea; 3) meetings of the United States Commissioners and Advisors; and 4) other necessary expenses.

The FY 1991 increase is $1,000.

Mr. MOLLOHAN. Here to testify in support of this request is Peter J. de Vos, Acting Assistant Secretary, Bureau of Oceans and International Environmental and Scientific Affairs.

Since this is your first appearance before the Committee, we will insert your biographical sketch in the record at this point.

[The information follows:]

BIOGRAPHY OF PETER JON DE VOS

Peter Jon de Vos, Principal Deputy Assistant Secretary of State in the Bureau of Oceans and International Environmental and Scientific Affairs, was born on December 24, 1938 in San Diego, California. His secondary schooling was completed in 1956 with his graduation from the St. Albans School in Washington, D.C. He received a Bachelor of Arts degree in 1960 from the Woodrow Wilson School of Public and International Affairs at Princeton University, and a Master of Arts degree in 1962 from the School of Advanced International Studies at The Johns Hopkins University.

Mr. de Vos, a career Foreign Service Officer, entered the Foreign Service of the United States in 1962 and has held a variety of positions within the Foreign Service since that time. His overseas assignments include postings as Political Officer in Naples, Italy; Deputy Principal Officer in Luanda, Angola; Political Officer in Sao Paulo, Brazil; Political Officer in Brasilia, Brazil; Political Officer in Athens, Greece; and as Ambassador concurrently to the Republic of Guinea-Bisseau and to the Republic of Cape Verde from 1980–1983; and as Ambassador to the Peoples' Republic of Mozambique from 1983–1987. His domestic assignments include postings as Brazil Desk Officer; an assignment to the National War College, National Defense University; Deputy Office Director in the Office of Southern African Affairs; and as Deputy Assistant Secretary of State for Science and Technology from 1987–1989 before assuming his present position as Principal Deputy Assistant Secretary of State in the Bureau of Oceans and International Environmental and Scientific Affairs in 1989.

In addition to his native English, Mr. de Vos also speaks Spanish, Portuguese, Italian, and Greek.

Mr. de Vos is married to the former Nancy Lee Wesney.

GENERAL STATEMENT

Mr. MOLLOHAN. Do you have a written statement?

Mr. DE VOS. I do, Mr. Chairman. We submitted that. Thank you.

Mr. MOLLOHAN. Okay. We will insert that in the record, and if you would proceed with your oral statement, we would appreciate that.

Mr. DE VOS. Thank you very much, Mr. Chairman.

I would also like to introduce, if I may, Stetson Tinkham, of the Bureau of Oceans and International Environmental and Scientific Affairs, Office of Fisheries Affairs. With me also, in case you have any detailed questions, is James Lewis, our Budget Officer, and Sharon Stanley, the Bureau's Executive Director.

Mr. MOLLOHAN. We welcome each of those individuals to the Committee.

Mr. DE VOS. The FY 1991 budget request for the International Fisheries Commissions appropriation is for $10.7 million to fund the United States' share of the expenses of nine bilateral and multilateral fisheries commissions, participation in the International Council for the Exploration of the Sea, and travel expenses of the U.S. Commissioners and their advisors.

Typical activities of the commissions include cooperative biological research studies on the health of individual fish stocks, fish-tagging surveys, effects on fish stocks of oceanic conditions such as temperature, salinity and currents, and predator/prey relationships. They also provide a continual data base for fish populations and their environment on a year-to-year basis.

In keeping with the President's efforts to reduce the Federal deficit, the $10.7 million appropriation request for 1991 is a net decrease of $1,447,000 below the fiscal 1990 appropriation. Mr. Chairman, we believe that this request will allow the maintenance of operations in each of these commissions at levels consistent with current budgetary constraints, while at the same time allowing sufficient funding to carry out each commission's highest priority program activities.

Inflationary forces have led to modestly increased assessments for seven of the commissions, amounting to $98,000 in total, while decreases in four of the commissions total $1,545,000.

Mr. Chairman, in the interest of brevity, I will refrain from going into greater detail on this, other than to say that we have decreased the request of the Great Lakes Fishery Commission, we have requested a reduction in the Pacific Salmon Commission, we have decreased funding in the Northwest Atlantic Fisheries Organization, and have included a final decrease of $8,000 for the International Pacific Halibut Commission, because the Canadian government reduced its contribution as well.

That is all I have to say, Mr. Chairman. I would be pleased to answer any questions.

[The statement of Mr. de Vos follows:]

DEPARTMENT OF STATE
1991 BUDGET ESTIMATES

STATEMENT OF
PETER J. DE VOS, PRINCIPAL DEPUTY ASSISTANT SECRETARY
BUREAU OF OCEANS AND INTERNATIONAL
ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

Before

THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS

For

COMMERCE, JUSTICE, STATE, THE JUDICIARY AND
RELATED AGENCIES

International Fisheries Commissions

Mr. Chairman and Members of the Committee:

It is a pleasure to appear before you today to present the Administration's 1991 budget request of $10,700,000 for the International Fisheries Commissions appropriation. This appropriation provides funds for payment of the United States' share of expenses of ten bilateral and multilateral international fisheries organizations in which we participate; the International Council for the Exploration of the Sea; and travel expenses of the United States Commissioners and their advisors.

The 1991 request is a net decrease of $1,447,000 below the adjusted fiscal year 1990 appropriation of $12,147,000. Our request reflects operating expense increases due to inflation for seven of the commissions, offset by reductions in funds requested for four commissions.

These commissions engage in a variety of conservation measures directed toward many species of fish of importance to the United States. Therefore, continued United States membership in these commissions is considered very important. Management and conservation measures inaugurated by these commissions, such as the establishment of catch restrictions, help to prevent overfishing by the commercial fishermen of the member nations, and thus are useful in assuring an adequate supply of fish and fish products for future generations. The commissions also mediate disputes between United States fishermen and fishermen of other countries when fishing in common waters for stocks of fish of mutual interest by providing a forum for the discussion and resolution of such disputes.

Mr. Chairman, the FY 1991 request allows the maintenance of operations in each of these commissions at levels consistent with current budgetary restraints, while allowing sufficient funding to carry out each commission's highest priority program activities. With regard to the specifics of the FY 1991 appropriation request, I call your attention to the reductions in the funding requests from amounts appropriated in FY 1990 for four of the commissions. The first of these items concerns the Great Lakes Fishery Commission. As you will recall, the House/Senate Conferees on the FY 1990 appropriations bill added $1,300,000 for the purchase of additional lampricide to aid in that commission's program of lamprey eel eradication in the Great Lakes. The Administration's FY 1991 request of $5,240,000 for this commission represents a slight increase over the Administration's FY 1990 request of $5,222,000, but does not include a sum for additional lampricide purchases which would equate to the amount added by the Conferees in FY 1990. The Administration's FY 1991 request of $5,240,000 for the Great Lakes Fishery Commission includes approximately $1,148,000 for the purchase of lampricide. The reduction from FY 1990 for this commission is $1,201,000.

The second decrease is a reduction of $320,000 in the funding requested for the Pacific Salmon Commission. Funding for that commission consists of three specific items: 1) the United States' share of the overall operating costs of the Secretariat of the commission; 2) salary costs for U.S. Commissioners, Alternate Commissioners, Panel Members, and Alternate Panel Members; and 3) travel costs of Commissioners, Alternate Commissioners, Panel Members, Alternate Panel Members, and an Advisory Panel. As was mentioned in last year's testimony, U.S. Section activities of the Pacific Salmon Commission have not developed as rapidly as was expected when the commission was formed and initially funded in FY 1985. An advisory group was originally planned, but has not yet been formed. A fourth panel for the commission, dealing with the Yukon River, has yet to be formed although negotiations with Canada on the formation of this panel are continuing. Also, travel costs for and salary payments to eligible Commissioners, Alternate Commissioners, Panel Members, and Alternate Panel Members have not reached the levels originally anticipated. For these reasons, each year since the formation of the commission we have returned to the Treasury a fairly substantial portion of the appropriated funds for those activities. We made an initial correcting adjustment in FY 1990, reducing the request by $500,000. The FY 1991 reduction of $320,000 is a further adjustment to correct the funding imbalance. We will continue monitor the effect of this reduction and will make further adjustments to this account as warranted.

The third reduction item concerns the minimal funding which has been carried in this appropriation for use should the United States decide to join the Northwest Atlantic Fisheries Organization (NAFO). A total of $16,000 was included in the FY 1990 budget for this item. Because of the need for economies in the funding request for FY 1991, it was decided that we would not include a request for this item, since it seems that the possibility of the United States joining NAFO at any time in the foreseeable future is fairly remote.

The final decrease of $8,000 for the International Pacific Halibut Commission responds to a funding reduction by the Canadian Government. Under terms of the governing Treaty, funding from both member countries must be equal. Therefore, the U.S. has reduced its funding request by $8,000 to a total of $780,000 to match the available funds from the Canadians.

With regard to the items of increase for seven other commissions, amounting to $98,000 in total, they are essentially inflationary increases in operating costs which have triggered increased assessments.

Mr. Chairman, this concludes my statement. I will be pleased to answer any questions that you or Members of the Committee may have.

GREAT LAKES FISHERY COMMISSION

Mr. **MOLLOHAN**. The Great Lakes Fishery Commission, is asking for a $1.2 million reduction request, correct?

Mr. **DE VOS**. That's correct, $1.2 million.

Mr. **MOLLOHAN**. Last year, Congress added this amount to the budget request for the purchase of lampricide to control the sea lamprey problem in the Great Lakes. Why is it eliminating these funds in the 1991 request?

Mr. **DE VOS**. Mr. Chairman, we are not eliminating the request for the purchase of lampricide. We are reducing it. The administration's 1991 request includes approximately $1,148,000 for the purchase of lampricide. There is a reduction in the total amount, but it is not an elimination.

Mr. **MOLLOHAN**. Does this adequately fulfill your needs?

Mr. **DE VOS**. Mr. Chairman, I suspect that where there is money, it can be wisely spent. The whole program over the past 20 to 30 years has been very, very effective in reducing the presence of lamprey in the Great Lakes. I think we are now in the position where there are about 5 or 10 percent of what the numbers of sea lamprey were, say, 20 or 30 years ago, so the program has been very successful. I am not sure that we can totally eliminate the lamprey, quite frankly. It seems that every time we think we have a good hold, we are just about there, we clean up some more rivers or some more tributaries, then the lamprey find these cleaner waters to lay their eggs. While we have made a good dent on the problem, we have not been totally successful.

Mr. **MOLLOHAN**. My question really is whether this adequate funding to address the problem as it exists today.

Mr. **DE VOS**. Mr. Chairman, I think the budget constraints that we have, it is best we can do.

Mr. **MOLLOHAN**. We have questions we will submit for the record.

Mr. **DE VOS**. Surely.

Mr. **MOLLOHAN**. We very much appreciate very much your testimony today.

[The following questions were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

International Fisheries Commissions

QUESTION: The budget justifications state that your FY 1991 request maintains operations at a level consistent with current budgetary constraints while allowing sufficient funding to carry out the Commissions' highest priority program activities. How much of an increase is in this budget for mandatory wage and price increases for the various commissions, and will this amount be sufficient to cover all of this requirement?

ANSWER: The total request of $10,700,000 for this appropriation for FY 1991 is a net decrease of $1,447,000 from the amount appropriated in FY 1990, adjusted for sequestration. This net decrease figure is composed of reductions totaling $1,545,000, offset by increases of $98,000. Of the requested increase amount, $57,000 is for assessment increases in four commissions brought about by inflationary wage and price increases. The remaining $41,000 of the increase request restores amounts sequestered from six commissions in FY 1990.

The amount requested for increased assessments resulting from wage and price increases should be sufficient for the four commissions for which these funds are requested.

QUESTION: How much was sequestered in this appropriation for FY 1990, and what was the impact of that reduction on your activities?

ANSWER: A total of $153,000 was sequestered from the International Fisheries Commissions appropriation in FY 1990. The amounts sequestered from the various commissions ranged from a low of $1,000 in several of the commissions for which the U.S. annual assessment is relatively small, to a high of $81,000 in the Great Lakes Fishery Commission. The impact of the reduction for the smaller commissions is to reduce the already small amounts available for payment of the annual U.S. assessments. For the larger commissions, the Great Lakes Fishery Commission reduction means that less money is available for the purchase of lampricide to kill the sea lampreys which infest the Great Lakes; and for the Inter-American Tropical Tuna Commission there is less money available to place observers aboard tuna fishing vessels to prevent the needless killing of dolphins during the catching process.

QUESTION: How much did you request from OMB for FY 1991, what reductions did OMB make in your request, and what will be the impact of those reductions on your FY 1991 program?

ANSWER: The Department of State submitted a FY 1991 request of $12,731,000 to OMB for the International Fisheries Commissions appropriation. OMB and State settled on a funding level of $10,700,000 for inclusion in the President's FY 1991 budget.

In applying the reductions of $2,031,000 to this account, the four commissions with the largest budgets, of necessity, bore the brunt of the reductions. The reductions were taken as follows: International Pacific Halibut Commission, -$44,000; Inter-American Tropical Tuna Commission, -$279,000; Great Lakes Fishery Commission, -$1,374,000; Northwest Atlantic Fisheries Organization, -$16,000; and Pacific Salmon Commission, -$341,000. One increase adjustment was made for the International Commission for the Conservation of Atlantic Tunas, +$23,000, to replace an earlier estimated figure with an actual assessment requirement.

The FY 1991 allowance of $10,700,000 will still allow the continuation of the programs of highest priority within the various commissions, and will allow for adjustments in several of the accounts to correct funding imbalances, e.g., the Pacific Salmon Commission, where the programs for this commission have not developed at the pace originally anticipated when the commission was formed in FY 1985; for the International Pacific Halibut Commission to match a funding reduction by Canada in accordance with the equal funding regulations of the commission; and for the Northwest Atlantic Fisheries Organization, which the U.S. has not yet joined due to lack of enabling legislation. However, the OMB allowance is insufficient to maintain the level of funding for the sea lamprey control program of the Great Lakes Fishery Commission which Congress approved in FY 1990 by adding $1,300,000 for that commission to the amount requested in the President's budget. It will also not provide sufficient funding for the Inter-American Tropical Tuna Commission to place 100 percent observer coverage aboard foreign tuna fishing vessels to prevent the needless killing of dolphins during tuna catches, as mandated by recent changes to the Marine Mammal Act.

QUESTION: What efforts are under way by the Great Lakes Fishery Commission to deal with the problem of the Zebra Mussel, and are there any funds in this budget to address that problem?

ANSWER: Under its responsibility to coordinate research on fisheries stocks of interest in the Great Lakes, the Great Lakes Fishery Commission has reviewed the threats posed by the introduction of undesirable non-native species, such as the Zebra mussel, to the Great Lakes ecosystem. There are no funds requested in the Commission's FY 1991 budget for Zebra mussel eradication or control. We understand, however, that legislation has been introduced which will lead to the formation of a Great Lakes Regional Commission to combat the threat of the Zebra mussel, and other non-native species. Under that legislation, the Great Lakes Fishery Commission would be authorized an appropriation of $100,000 in Fiscal Years 1991, 1992, 1993, 1994, and 1995 to provide a representative to serve on the Great Lakes Regional Commission; to advise, coordinate, and provide secretarial services on matters related to the Great Lakes fisheries, related environmental matters, and interactions with the

Government of Canada; and to provide technical services for any technical committee established under this legislation to address these matters.

TUESDAY, MARCH 20, 1990.

U.S. BILATERAL SCIENCE AND TECHNOLOGY AGREEMENTS

WITNESSES

PETER J. DE VOS, ACTING ASSISTANT SECRETARY, OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

MARTIN PROCHNIK, DIRECTOR, OFFICE OF COOPERATIVE SCIENCE AND TECHNOLOGY PROGRAMS

SHARON W. STANLEY, EXECUTIVE DIRECTOR

JAMES C. LEWIS, BUDGET OFFICER

Mr. MOLLOHAN [presiding]. The next item that we will consider is the fiscal year 1991 budget request for the United States Bilateral Science and Technology Agreements. The request is for $5 million. This amount is an increase of $1 million above the fiscal year 1990 appropriation.

We shall insert the budget justifications in support of this request in the record at this point.

[The justification follows:]

U.S. BILATERAL SCIENCE AND TECHNOLOGY AGREEMENTS

For necessary expenses, not otherwise provided, for Bilateral Science and Technology Agreements, [$4,000,000] *$5,000,000*, to remain available until expended as authorized by 22 U.S.C. 2696(c). *(Department of State Appropriations Act, 1990; additional authorizing legislation to be proposed.)*

Note.—Section 614 of Public Law 101-162 provides that funds appropriated for the Department of State and the United States Information Agency may be obligated and expended at a rate not exceeding the rate available for fiscal year 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The following schedules assume the repeal of this provision.

UNITED STATES BILATERAL SCIENCE AND TECHNOLOGY AGREEMENTS

FY 1991

SUMMARY STATEMENT

(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec.(-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
--	$2,000	--	$3,971	--	$5,000	--	$1,029

I. Summary

	1990 Estimate	1991 Request
U.S./Yugoslavia S&T Agreement	$2,500	$2,000
U.S./Poland S&T Agreement	1,471	2,000
U.S./Hungary S&T Agreement	--	1,000
Total	3,971	5,000

This appropriation funds the United States' share of expenses for bilateral science and technology (S&T) cooperative agreements between the United States and other countries. Full funding of this request will allow the Department to achieve its general goal of improving the quality and effectiveness of U.S. foreign policy and bilateral diplomatic activity. Full funding will also enable the Department to achieve the specific goal of strengthening efforts of the international community to solve transnational problems, especially in the areas of environmental protection, health, food technology, and energy.

Funding for the agreements with Yugoslavia and Poland is provided in the FY 1991 request. Funding is also requested to implement a science and technology agreement with Hungary. The President announced his intention to negotiate such a pact during his trip to Budapest in July 1989. Bilateral science and technology cooperation is designed to advance U.S. science and technology by promoting cooperative research in areas of joint interest and expertise on the basis of equality, reciprocity, and mutual benefit. These bilateral activities are intended to advance U.S. Government foreign policy goals and foster mutually beneficial basic research in a variety of technical areas rather than supply technical assistance, as in development programs.

Bilateral Joint Funds established under these science and technology agreements provide grants for original research in environmental protection, agriculture and food technology, energy, health, basic research, medicine, transportation, mining, and geology. They also support workshops and exchanges of scientists and information. The projects are equally funded by both sides, carefully selected by top experts, and costed out in advance. Individual grants customarily average eight to ten thousand dollars annually, and usually represent only a fraction of the cost of the project. However, the prestige of receiving one of these grants draws the highest qualified candidates and often returns much larger dividends in terms of scientific innovations and by stimulating significant additional funding from participating technical agencies and institutions on both sides.

UNITED STATES BILATERAL SCIENCE AND TECHNOLOGY AGREEMENTS

I. Summary (continued)

Included in the Department's FY 1990 appropriation bill (Public Law 101-162) for those accounts under the jurisdiction of the House and Senate Commerce, Justice and State Appropriations Subcommittees is a provision (Section 614 of the Commerce-Justice-State Appropriations Bill) that states that funds appropriated to the Department of State in FY 1990 may be obligated and expended at a rate not exceeding the rate available for FY 1989 or the rate provided in H.R. 2991 as passed by the Senate, whichever is lower. The FY 1990 estimates used in this presentation assume the repeal of this provision.

The FY 1990 estimates reflect the impact of FY 1990 sequestration pursuant to Public Law 99-177, The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Reaffirmation Act of 1987 (Public Law 100-119).

II. Current Programs

Yugoslavia:

The U.S./Yugoslavia S&T Agreement program currently operates under a five-year Agreement which took effect in September 1988. This Agreement continues previous cooperation under which over 750 projects have been administered by eleven U.S. technical agencies. Representative research areas include underground coal gasification, intensified farm animal production, rehabilitation of the handicapped, earthquake engineering, epidemiology, and metallurgy.

Poland:

The Science and Technology Agreement with Poland was signed by then-Vice President Bush in September 1987 and became operational with the availability of appropriated funds in January 1989. Fifteen projects have been funded thus far in areas such as post-Chernobyl radioactivity studies, wetlands conservation, railroad rail integrity research, the impact of industrial particulates on coniferous trees, and grain protein. The review process of cooperative activities with Poland is complex and lengthy and involves detailed scientific, security and budgetary reviews for each project proposal. The Agreement is a vehicle for implementing the President's East European Environmental Initiative.

III. 1991 Plans

Yugoslavia:

The Department is seeking $2,000,000 in FY 1991 to match Yugoslav funds.

III. 1991 Plans (continued)

Poland:

The Department is seeking $2,000,000 in FY 1991, an increase of $529,000 over the FY 1990 request, to provide third year funding of a five-year program of science and technology cooperation with Poland.

Hungary:

The Department is seeking $1 000,000 in FY 1991 for initial funding of a new Science and Technology Agreement with Hungary which the President announced during his trip to Budapest in July 1989. The Agreement supports U.S. foreign policy objectives of encouraging further liberalization in Hungary, as well as gaining Research and Development results of benefit to both countries. The Agreement also helps to implement the President's Eastern European Environmental Initiative. Based on experience with other science and technology relationships and current technical agency activities with Hungary, an appropriation of $1,000,000 in FY 1991 is required to implement the Agreement without detracting from existing valuable science and technology programs in the region.

U.S. Bilateral Science
and Technology Agreements

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
U S Bilateral Science & Technology Agreements				
U.S./Yugoslavia S&T Agreement........................	$1,400	$2,500	-$500	$2,000
U.S./Poland S&T Agreement........	600	1,471	529	2,000
US/Hungary S&T Agreement..........	---	---	1,000	1,000
GRAND TOTAL	2,000	3,971	1,029	5,000

U.S. Bilateral Science
and Technology Agreements

SUMMARY OF CHANGE
(DOLLARS IN THOUSANDS)

Program Activities	POSITIONS American Pos.	FSNs	Total	FUNDS Bureau Managed	American Salaries	Total
1989 ENACTED....................	--	--	--	$2,000	--	$2,000
1990 BASE.......................	--	--	--	3,971	--	3,971
1990 ADJUSTMENTS................	--	--	--	--	--	--
1990 ESTIMATE...................	--	--	--	3,971	--	3,971
1991 PROGRAM CHANGES						
U S Bilateral Science & Technology Agreements						
U.S./Yugoslavia S&T Agreement..................	--	--	--	-500	--	-500
U.S./Poland S&T Agreement..	--	--	--	529	--	529
US/Hungary S&T Agreement...	--	--	--	1,000	--	1,000
Sub-total U.S. Bilateral Scie Technology Agreeme	--	--	--	1,029	—	1,029
TOTAL PROGRAM CHANGES........	--	--	--	1,029	--	1,029
1991 REQUEST....................	--	--	--	5,000	—	5,000

U.S. Bilateral Science
and Technology Agreements

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
4100 GRANTS, SUBSIDIES AND CONTRIBUTIONS.......	$2,000	$3,971	$1,029	$5,000	$1,029
Total, Budget Unit	2,000	3,971	1,029	5,000	1,029

UNITED STATES BILATERAL SCIENCE AND TECHNOLOGY AGREEMENTS

FY 1991

Justification of Program Activities

(dollars in thousands)

	Positions	Funds
1991 Request......................	--	$5,000

The Department requests a total of $5,000,000 to provide the U.S. share of funding for bilateral cooperatively funded science and technology agreements with Yugoslavia, Poland, and Hungary. This request represents an increase of $1,029,000 over the total requested in FY 1990. The requested increase provides initial funding of a new S&T Agreement with Hungary resulting from the President's trip to Budapest in July 1989. Funding of this request will allow the Department to achieve its general goal of improving the quality and effectiveness of U.S. foreign policy and bilateral diplomatic activity. It will also enable the Department to achieve the specific goal of strengthening efforts of the international community to solve transnational problems.

Yugoslavia

The FY 1991 request for $2,000,000 for the United States' share of expenses for a continuing bilateral program of science and technology cooperation with Yugoslavia is a decrease of $500,000 from the FY 1990 request. The FY 1990 request covered a shortfall in FY 1989 brought about by the decision to equally divide the appropriation request between the Yugoslav S&T Program and the Polish S&T Program. Under the September 1988 S&T Agreement with Yugoslavia, the U.S. agreed to contribute to the S&T Joint Fund, subject to the availability of appropriated funds, up to a total of $10,000,000 over the five-year life of the Agreement (an average of $2,000,000 per year). The Government of Yugoslavia matches the U.S. contribution.

The agreement with Yugoslavia continues an extremely successful cooperative S&T program which has efficiently implemented joint projects for more than fifteen years. This funding request represents the judgment and historical experience of the participating U.S. Government technical agencies on the minimal amount of substantive and beneficial project activities required to maintain program viability in a given fiscal year.

While good scientific relations with Yugoslavia have distinct foreign policy and political benefits to the U.S., bilateral S&T cooperation is designed to advance U.S. science and technology by promoting cooperative research in areas of joint interest and expertise on the basis of equality, reciprocity, and mutual benefit. To date, over 750 projects have been administered by eleven U.S. technical agencies. Representative research areas include underground coal gasification, intensified farm animal production, rehabilitation of the handicapped, earthquake engineering, epidemiology, and metallurgy. A significant current project is a workshop focusing on assisting Yugoslavia to develop innovative environmental management approaches in the areas of clean air, pollution prevention, waste management technology, and integrated legislative approaches. The U.S.-Yugoslav Joint Board annually reviews over four times as many worthwhile project proposals as can be funded under this cooperative program. We have had S&T Agreements with Yugoslavia with appropriated funds since 1980.

Poland

The FY 1991 request of $2,000,000 for the Polish program represents an increase of $529,000 over the funds requested for this program in FY 1990. The Government of Poland matches the U.S. contribution.

The cooperative S&T program is symbolic of and contributes to the kind of bilateral relationship we want to maintain with Poland. In addition to significant scientific and technological benefits for both sides, the cooperative S&T program has fostered an attitude of mutual cooperation and friendship between the scientists and officials involved. U.S. agencies and institutes benefit from being able to carry out research in unique Polish institutions and environments at a fraction of the cost involved in U.S. facilities. The program also gives Polish scientists better contact with their U.S. colleagues and institutions.

Fifteen projects have been funded thus far in areas such as post-Chernobyl radioactivity studies, wetlands conservation, railroad rail integrity research, the impact of industrial particulates on coniferous trees, and grain protein. The review process of cooperative activities with Poland is complex and lengthy and involves detailed scientific, security, and budgetary reviews for each project proposal. An additional thirty new projects are under review by both sides, and an equal number of project development proposals have been received for consideration.

Hungary

The FY 1991 request of $1,000,000 is the initial funding request for the new S&T Agreement with Hungary which the President announced during his visit to Budapest in July 1989. This funding request represents the judgment of the participating U.S. Government technical agencies on the amount of funding needed for substantive and beneficial project activities required to implement this Agreement. Such seed money often returns much larger dividends in terms of scientific innovations and by stimulating significant additional funding from participating technical agencies on both sides.

Bilateral S&T cooperation under this appropriation is designed to advance U.S. science and technology by promoting cooperative research in areas of joint interest and expertise on the basis of equality, reciprocity, and mutual benefit. Cooperative S&T activities with Hungary will take place in a number of important areas, including the physical and biological sciences, environmental protection, agriculture, medicine, and geology. The Hungarians also have expressed considerable interest in cooperating in nuclear reactor safety and in efforts to reduce air pollution and management of hazardous wastes. In addition to projects, the Agreement will fund useful workshops and exchanges of information and scientists.

This new cooperative S&T program is symbolic of and contributes to the kind of bilateral relationship we want to maintain with Hungary. It is a highly visible and mutually beneficial way to recognize and encourage Hungary's unique political and economic situation and its first rate scientific establishment. We can expect reasonable and tangible returns that far exceed U.S. costs. The Agreement also is a useful vehicle for coordinating research activities, providing seed money, and encouraging contacts in support of the President's East European Environmental Initiative.

GENERAL STATEMENT

Mr. MOLLOHAN. Again, we have Acting Assistant Secretary de Vos to present testimony in support of this request.

Mr. Secretary, if you would be kind enough to submit your written statement for the record and summarize it orally. You have a number of witnesses who joined you at the table, if you would please introduce them.

Mr. DE VOS. I would like to introduce Mr. Martin Prochnik, who is the Director of Cooperative Science and Technology Programs with the Bureau of Oceans and International Environmental and Scientific Affairs.

Mr. MOLLOHAN. The Committee welcomes you to the hearing.

Please proceed.

Mr. DE VOS. Thank you, Mr. Chairman.

We have requested a total of $5 million for 1991 for the U.S. Bilateral Science and Technology Agreements appropriation. This budget reflects the steady growth in our cooperative S&T activities in Europe and is predicated on our FY 1990 budget request of $4 million.

However, as you are aware, the department is currently enjoined by section 614 of the Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act of 1990 from spending above 1989 levels. This restriction presents difficulties for these programs, since they were funded in 1989 at the level of $2 million. Thus, the effect of section 614 is a reduction of 50 percent of the amount of funding we had budgeted in FY 1990. A cutback of this magnitude has a very serious impact on S&T programs this year and is not consistent with our current foreign policy objectives in Eastern Europe.

Mr. Chairman, the request for the Yugoslav program of $2 million represents a reduction of $500,000 from 1990, assuming appropriation of the requested amount and the repeal of section 614, and returns the funding for this Agreement to the agreed amount of $2 million for each year of this 5-year program.

The 1991 Polish program request of $2 million represents an increase of $529,000 over the 1990 request and assumes, again, repeal of section 614. The request allows the program to assume fully operational status over the initial 3 years of the current Agreement.

For Hungary, the program request is for $1 million and represents, in the judgment of the participating U.S. Government technical agencies, the amount of funding needed for substantive and beneficial project activities required to implement the Agreement which was announced by President Bush in his visit to Budapest in July 1989.

Mr. Chairman, I would be pleased to answer any questions that you may have.

[The statement of Mr. de Voe follows:]

DEPARTMENT OF STATE
1991 BUDGET ESTIMATES

STATEMENT OF
PETER J. DE VOS, PRINCIPAL DEPUTY ASSISTANT SECRETARY
BUREAU OF OCEANS AND INTERNATIONAL
ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

Before

THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS

For

COMMERCE, JUSTICE, STATE, THE JUDICIARY AND
RELATED AGENCIES

United States Bilateral Science and Technology Agreements

Mr. Chairman and Members of the Committee:

I am pleased to appear before you today to present a 1991 budget request of $5,000,000 for the United States Bilateral Science and Technology Agreements appropriation. These funds will provide the United States' share of funding for programs of scientific and technological cooperation between the United States and Yugoslavia in the amount of $2,000,000; between the United States and Poland in the amount of $2,000,000; and between the United States and Hungary in the amount of $1,000,000. The U.S. contributions to these programs will be fully matched in local currency by each cooperating nation.

Our FY 1991 budget request of $5,000,000 reflects the steady growth in our cooperative S&T activities with Eastern Europe, and is made with our requested $4,000,000 ($3,971,000 after sequestration) budget for FY 1990 in mind. However, at the present time the Department is enjoined by Section 614 of the Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act of FY 1990 from spending above FY 1989 levels. Our East European S&T cooperative programs were funded at $2,000,000 in FY 1989. Thus, the effect of Section 614 is to reduce by 50 percent the amount of funding we had planned for in FY 1990. A cutback of this magnitude has a very serious impact on our S&T programs this year, and is not consistent with our current foreign policy objectives in Eastern Europe.

The U.S./Yugoslav cooperative S&T program currently operates under a five-year Agreement which took effect in September 1988 and which calls for a contribution of $10,000,000 over the five-year life of the Agreement. The FY 1990 contribution of about $2,500,000 would restore a funding shortfall from the previous year. The FY 1991 request of $2,000,000 returns the funding for this Agreement to the agreed annual amount. Over 750 cooperative projects, administered by eleven U.S. technical agencies, have thus far been undertaken under the Agreement in research areas such as underground coal gasification, intensified farm animal production, rehabilitation of the handicapped, earthquake engineering, epidemiology, and metallurgy.

The U.S./Polish Science and Technology Agreement was signed by then-Vice President Bush in September 1987. The Agreement allowed the resumption of a U.S./Polish cooperative program on science and technology following a hiatus since the previous agreement expired in December 1981. No funds were appropriated in FY 1988 for the Program, but project development was commenced using residual funds from the previous agreement. The Agreement became operational with the availability of appropriated funds in January 1989 Thus far, fifteen projects have been funded in areas such as post-Chernobyl radioactivity studies, wetlands conservation, railroad rail integrity research, the impact of industrial particulates on coniferous trees, and grain protein. The Agreement also serves as one supporting element of the President's East European Environmental Initiative. The $2,000,000 requested for FY 1991 is an increase of $529,000 over the funds requested for the Program in FY 1990, and will allow the Program to be gradually restored to a fully operational status over the initial three years of the current Agreement.

One million dollars is requested in FY 1991 for initial funding of a request for the new Science and Technology Agreement between the United States and Hungary which the President announced during his visit to Budapest in July 1989. This funding estimate represents, in the judgment of the participating U.S. Government technical agencies, the amount of funding needed for substantive and beneficial project activities required to implement the Agreement. Cooperative S&T activities with Hungary are expected to take place in a number of important areas, including the physical and biological sciences, environmental protection, agriculture, medicine, and geology. This new S&T program with Hungary is a highly visible and mutually beneficial way to utilize Hungary's first rate scientific establishment, and to recognize and encourage its political and economic situation. The Agreement also is a useful vehicle for coordinating research activities, providing seed money, and for providing a supporting element to the President's East European Environmental Initiative.

Mr. Chairman, that concludes my statement. I will be pleased to answer any questions that you or Members of the Committee may have.

OTHER EASTERN EUROPEAN S&T AGREEMENTS

Mr. **Mollohan**. Given the monumental changes that have taken place in Eastern Europe, do you anticipate signing scientific and technical cooperation agreements with the other countries in Eastern Europe?

Mr. **de Vos**. I think it is a very good possibility, Mr. Chairman. We certainly are engaged in conversations with some of the other countries, especially with the Czechoslovakians. We have not come to the point yet where we have actually negotiated such an agreement, although it is a good possibility.

UNDERGROUND COAL GASIFICATION PROJECT

Mr. **Mollohan**. In your statement, you also indicate that one of the projects undertaken in the U.S.-Yugoslavia Cooperation Program is research on underground coal gasification. Could you give us some detail about that project and what benefits you anticipate coming out of the research?

Mr. **de Vos**. If you had not mentioned the word details, I would be delighted to, but since I have Mr. Prochnik here who has really been the Chairman of our joint commission with the Yugoslavs, I would prefer to turn that over to him, if I might, Mr. Chairman.

Mr. **Mollohan**. Surely.

Mr. **Prochnik**. Mr. Chairman, that particular project attempts to pursue our goals of having cleaner energy production. Its aim is to burn underground coal seams that either are polluted with pyritic material and thus sulfurous, or that are difficult to get at because of the structure of the coal seam itself. By lighting this coal seam underground, obtaining the gas and cleaning it up before it reaches the surface, the ultimate result would hopefully be a cleaner combustion gas.

Mr. **Mollohan**. Is this being done anywhere right now?

Mr. **Prochnik**. Well, the United States has had a program which, unfortunately, has had to be reduced. The hope is that, by working with Yugoslavia on this, we might achieve some of the original program's objectives.

Mr. **Mollohan**. The United States has such a program?

Mr. **Prochnik**. Had a program.

Mr. **Mollohan**. Do you know where that has taken place?

Mr. **Prochnik**. Well, it was a program that was active immediately after the oil crisis in 1974 and 1975 and I think at that point the objective was really to reach coal seams that are now considered economically inaccessible.

Mr. **Mollohan**. We will have a number of questions to submit for the record, Mr. Secretary. We appreciate your testimony.

Mr. **de Vos**. Thank you, Mr. Chairman.

Mr. **Mollohan**. Thank you.

[The following questions were submitted to be answered in the record:]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

United States Bilateral Science and Technology Agreements

QUESTION: In your statement you indicated that the effect of Section 614 is to reduce by 50 percent the amount of funding you had planned for this program for FY 1990. What activities would be curtailed or eliminated if Section 614 is not repealed?

ANSWER: The principal immediate impact of Section 614 would be on joint research projects between U.S. technical agencies and their East European counterparts. Only about half the projects that are deemed worthy from the standpoint of mutual scientific benefit would be funded. In addition, joint commission meetings planned to take place in Eastern Europe for which the host countries have already made plans would probably have to be cancelled for this year. In the longer term, such a major funding cutback at this late date could weaken our credibility in the future and lessen our partners' own commitment to the program, to our mutual scientific and political disadvantage.

QUESTION: The FY 1991 budget request also includes $1,000,000 for initial funding for a new science and technology agreement with Hungary. What is the length of this agreement, and do you expect the contribution to grow to $2,000,000 as the other agreements have?

ANSWER: The agreement will be in effect for five years, that is until October, 1994. At that time it will be automatically extended for an additional five years, unless either party gives notice of its termination six months before it is scheduled to expire. There are no plans currently to seek funding above $1,000,000 annually for the agreement with Hungary. Depending upon the interest that develops on both sides once actual joint research begins and the value that each side attaches to it, consideration could be given in the future to increasing the funding level.

QUESTION: Please tell us what are the elements of the President's East European Environmental Initiative, and what role this program plays in that initiative?

ANSWER: In a speech in Mainz, FRG in May 1989, President Bush proposed a common Western effort to address critical environmental problems in Eastern Europe. He offered technical training and assistance in developing laws and regulations, access to new technologies for pollution abatement, and technical training of environmental officials and other specialists. During his trip to Poland and Hungary in July 1989, the President offered several specific follow up initiatives. These include a program for addressing air and water pollution problems in the Krakow region and an independent regional environmental center for Central and Eastern Europe in Budapest. We have also proposed a joint

U.S.- Czechoslovakia study to determine the most cost-effective way to deal with that country's serious air pollution problems.

Consultations with the Poles and Hungarians to implement the President's Environmental Initiative are well under way. The Department of Energy recently signed an agreement with the Poles to retrofit an existing coal-fired plant in the city of Krakow with advanced clean coal technology. The Environmental Protection Agency (EPA) is currently consulting with the Poles to transfer and set up the equipment for an air monitoring network, and for improved water quality in Krakow. The EPA air program strategy calls for setting up a minimum of six air monitoring stations in the city, and providing training for technical personnel responsible for operating the equipment.

The Regional Environmental Center for Central and Eastern Europe is intended to be an independent, non-advocacy, non-profit organization which seeks to address the environmental challenges common to Central and Eastern Europe. These challenges include severe air, water, and soil pollution; inefficient use of energy; an outmoded industrial base; health problems resulting from environmental degradation; and a shortage of technical and managerial expertise on environmental issues.

The Center will provide a limited role for governments. As currently envisioned, its mission will encompass four major themes -- collection and dissemination of environmental information; development of institutional capability to promote environmentally sound policies, especially as the nations of the region move from state-controlled to more market-oriented economies; environmental education, training, and technical assistance; and a clearinghouse function for linking needs with resources. The Center is not intended to be a research facility, but will facilitate and support collaborative environmental activities among individuals and organizations that develop or implement solutions to environmental problems in the region. We anticipate that, if all goes as planned, a Budapest Regional Environmental Center will be operational by the summer of 1990.

The bilateral S&T agreements which we have with East European countries provide for joint research activities, as well as for seminars, workshops, and other exchanges of information, in a wide variety of scientific fields. This bilateral cooperation is independent of cooperation carried out under the President's Environmental Initiative outlined above. However, bilaterally sponsored research can, and often does, involve subject matter related to the environment, and in this way the two programs can be directly supportive of each other. In other areas, the programs can be described as complementary.

TUESDAY, MARCH 20, 1990.

FISHERMEN'S GUARANTY FUND

WITNESSES

PETER J. DE VOS, ACTING ASSISTANT SECRETARY, OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

H. STETSON TINKHAM, FOREIGN AFFAIRS OFFICER, OFFICE OF FISHERIES AFFAIRS

SHARON W. STANLEY, EXECUTIVE DIRECTOR

JAMES C. LEWIS, BUDGET OFFICER

Mr. MOLLOHAN [presiding]. The next item that we will consider this afternoon is the fiscal year 1991 budget request for the Fishermen's Guaranty Fund. The request is for $900,000. This amount is the same as the amount appropriated for 1990.

We will insert the budget justification submitted in support of this request in the record at this point.

[The justification follows:]

FISHERMEN'S GUARANTY FUND

For expenses necessary to carry out the provisions of section 7 of the Fishermen's Protective Act of 1967, as amended, $900,000 of which $450,000 shall be derived from the receipts collected pursuant to that Act, to remain available until expended. *(Department of State Appropriations Act, 1990: additional authorizing legislation to be proposed.)*

FISHERMEN'S GUARANTY FUND

FY 1991

SUMMARY STATEMENT

(dollars in thousands)

1989 Enacted		1990 Estimate		1991 Request		Inc./Dec. (-)	
Positions	Funds	Positions	Funds	Positions	Funds	Positions	Funds
1	$1,654	1	$900	1	$900	--	$--

I. Summary

The Fishermen's Guaranty Fund is authorized by Section 7 of the Fishermen's Protective Act and provides reimbursement to U.S. fishing vessel owners who have entered into guaranty agreements for certain losses caused by the seizure and detention of their vessels by foreign countries under rights or claims not recognized by the United States. Losses covered by the Fund include: confiscation; spoilage; damage; lost fishing time; and other incidental costs. Any owner or charterer of a U.S. fishing vessel is eligible to apply for an agreement providing for a guarantee in accordance with Section 7 of the Act.

II. Current Programs

The Fishermen's Guaranty Fund was transferred to the Department of State from the Department of Commerce pursuant to Section 408 of Public Law 99-659, dated November 14, 1986, but with an effective date of October 1, 1986. The Department of State enters into agreements with the owners of United States commercial fishing vessels in order to collect fees adequate to cover administrative costs and a reasonable portion of any payments made under this program. The fee schedule for FY 1989 called for payment by boat owners of $22.00 per gross vessel ton, but this fee schedule is subject to change at the beginning of each year to maximize fees collected. These fees remain available without fiscal year limitation. If additional payments are needed, they must be provided through appropriated funds. In FY 1989, approximately 40 vessels participated in this program and paid more than $650,000 in fees into the Fund. For FY 1990 we anticipate that claims against the Fund will be reduced due to recent enactment of a Treaty which allows U.S. tuna vessels to fish for tuna in the waters of several South Pacific island nations. One position is required to administer the Fund.

III. 1991 Plans

The request for FY 1991 includes one position and $900,000: $450,000 of which is to be derived from fees collected and $450,000 from directly appropriated funds. We believe that this level of funding is adequate to cover the administrative costs and a reasonable portion of any payments made under this program.

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Fishermen's Guaranty Fund

SUMMARY OF ACTIVITIES

FUNDS
(dollars in thousands)

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
Fishermen's Guaranty Fund..........	$1,654	$900	--	$900
GRAND TOTAL	1,654	900	--	900

POSITIONS

Program Activities	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request
Fishermen's Guaranty Fund..........	1	1	—	1
GRAND TOTAL	1	1	—	1

Fishermen's Guaranty Fund

OBJECT CLASS REQUIREMENTS
(dollars in thousands)

Object class	1989 Enacted	1990 Estimate	1991 Program Changes	1991 Request	1991 Incr Over 1990
1100 PERSONNEL COMPENSATION	$52	$58	$1	$59	$1
1200 PERSONNEL BENEFITS....	7	7	1	8	1
2100 TRAVEL AND TRANSPORTATION OF PERSONS.............	—	4	—	4	—
4200 INSURANCE CLAIMS AND INDEMNITIES.........	200	831	-2	829	-2
9000 OTHER					
9900 Unobligated Balance Carried Forward.....	1,395	—	—	—	—
Subtotal, 9000	1,395	—	—	—	—
Total, Budget Unit	1,654	900	—	900	—

FISHERMEN'S GUARANTY FUND

FY 1991

JUSTIFICATION OF PROGRAM ACTIVITIES

(dollars in thousands)

	Positions		Funds
	American	FSN	
1991 Request......................	1	--	$900

Under provisions of Section 7 of the Fishermen's Protective Act of 1967, as amended (Public Law 90-482), which authorized establishment of the Fishermen's Guaranty Fund, the Department will provide compensation to U.S. fishing boat owners who have previously entered into guaranty agreements with the Department of State, and who have paid appropriate fees, for claims for losses associated with seizure of their vessels which resulted in confiscation or spoilage of their catch, damage to their vessels or fishing gear, lost fishing time, and other incidental costs.

The Fishermen's Protective Act directs that payment of claims from the Fishermen's Guaranty Fund will first be made from fees collected, then from any appropriated funds. The fee schedule for FY 1989 called for payment by boat owners of $22.00 per gross vessel ton to enter into guaranty agreements with the Department of State and thus be covered under provisions of Section 7 of the Act. Approximately 40 fishing vessels participated in the program in FY 1989 and paid more than $650,000 in fees into the Fund. For FY 1990, we are estimating a reduction in claims against the Fund because of a recently enacted Treaty which allows U.S. tuna vessels to fish in the waters of several South Pacific island nations. Therefore, the FY 1990 request was for a reduced total of $900,000, of which $450,000 was to be from appropriated funds, and $450,000 was to be from collected fees.

Based on our experience since the transfer of the fund in FY 1987 from the Department of Commerce, the FY 1991 request of $900,000 will be sufficient to cover the administrative costs and a reasonable portion of any payments made under this program. Of this amount, $450,000 will be derived from appropriated funds and $450,000 will be collected from fees charged to vessel owners for participation in the program.

GENERAL STATEMENT

Mr. **MOLLOHAN**. Secretary de Vos, please proceed with a summary of your written statement. Your written statement will be made a part of the record.

I see that someone has joined you at the table, would you please introduce this witness?

Mr. **DE VOS**. Once again, I would like to introduce Mr. Stetson Tinkham, from the Bureau of Oceans and International Environmental and Scientific Affairs, Office of Fisheries Affairs.

Mr. **MOLLOHAN**. Once again, we welcome you to the hearing.

Will you please proceed.

Mr. **DE VOS**. Thank you, Mr. Chairman.

Again, as you mentioned, the 1991 request for the Fishermen's Guaranty Fund appropriation is for one position to administer the fund, and a total of $900,000, of which $450,000 is to be derived from fees collected from the U.S. fishing vessel owners who desire to participate in the fund, and $450,000 from directly appropriated funds.

The 1991 request, Mr. Chairman, as you mentioned, is identical to the amount requested in 1990. A policy, in effect prior to the transfer of this account in FY 1987 from the Department of Commerce to the Department of State, of setting fees equal to 100 percent of anticipated annual claims and paying claims from the Fund solely from fees collected from fishing vessel owners, was successfully challenged in court. A Federal District Court in California ruled on March 25, 1987 that the Federal Government is required to contribute a portion of the total funds through direct appropriations in addition to the fees.

The 1991 request is made in accordance with that ruling.

Mr. Chairman, you may be interested to know about some recent activity in this account. A claimant against the Fund was paid a total of $1,227,027.86 in fiscal years 1986 and 1987 for a claim involving confiscation of two of the claimant's vessels while fishing within waters off the northeastern coast of South America. The claimant was not satisfied with the amount paid on his claim, so he filed suit in the U.S. Claims Court for an additional $1.2 million. In researching this claim, evidence of fraud was uncovered by our Office of Fisheries Affairs. This evidence was turned over to the Justice Department and, following that department's investigation, the claimant was indicted by a Federal grand jury.

The claimant recently agreed to plead guilty to four counts of criminal fraud and to return $250,000 to the government. If the plea is accepted by the U.S. District Court for the Middle District of Florida at Tampa, we expect that the claimant's suit against the government for $1.2 million in the U.S. Court of Claims here in Washington can be dismissed. These actions will save the taxpayers at least $1.5 million. In addition, based on evidence we have developed, Justice may counter sue and may win return of all funds paid this claimant, plus damages.

We are proud of our record in administering the Fund, since it was transferred from Commerce to the Department of State in FY 1987.

Thank you, Mr. Chairman. That is all I have to say at the moment. I would be happy to answer any questions.

[The statement of Mr. de Vos follows:]

DEPARTMENT OF STATE
1991 BUDGET ESTIMATES

STATEMENT OF
PETER J. DE VOS, PRINCIPAL DEPUTY ASSISTANT SECRETARY
BUREAU OF OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

Before

THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS

For

COMMERCE, JUSTICE, STATE, THE JUDICIARY AND RELATED AGENCIES

Fishermen's Guaranty Fund

Mr. Chairman and Members of the Committee:

I am pleased to appear before you today to present a 1991 budget request of $900,000 for the Fishermen's Guaranty Fund. This fund, established under Section 7 of the Fishermen's Protective Act of 1967 (P.L. 90-482), as amended, compensates U.S. fishing vessel owners who have entered into guaranty agreements for certain losses caused by the seizure and detention of their vessels by foreign countries under claims not recognized by the United States. Losses covered by the Fund include confiscation, spoilage, damage, lost fishing time, and other incidental costs.

Under the current administration of this Fund, the Department of State enters into agreements with the owners of United States commercial fishing vessels desiring to be covered by the Fund, assessing the owners fees adequate to 1) recover the costs of administering the Fund, and 2) cover a reasonable portion of any payments made by the Secretary of State from the Fund. All fees collected by the Secretary of State shall be credited to a separate account established in the Treasury of the United States which shall remain available without fiscal year limitation to carry out payment provisions of the Act.

When a vessel which is a participant in the Fund is seized by a foreign country during the period the guaranty agreement is in force, and under conditions specified in the Act and the guaranty agreement, the owner of the vessel may submit a claim against the Fund for losses which his vessel sustained as a result of the seizure. Payments are made to the owner for all actual allowable costs except those covered by the Fishermen's Protective Fund (Section 3 of the Act), or reimbursable from another source, which are incurred by the owner during the seizure or detention period as a direct result of the seizure, including damage to, or destruction of, the vessel or its equipment, or loss or confiscation of the vessel or its equipment, and dockage fees or utilities. The owner of the vessel may also claim compensation through the Fund for the market value of fish or shell fish caught before seizure of the vessel and confiscated or spoiled during the period of detention, and up to 50 percent of the vessel's gross income lost because of the seizure or detention.

Claims against the Fund are not allowed for a seizure which is covered by any other provision of law (for example, fines, license fees, registration fees, or other direct charges payable under the Fishermen's Protective Fund); made by a country at war with the United States; or made in accordance with any applicable convention or treaty, if that treaty or convention was in force and effect for the United States and the seizing country at the time of the seizure. Similarly, no payment will be made from the Fund if other possible sources of alternative reimbursement have not first been fully pursued (for example, any insurance coverage required by the agreement and valid claims under law).

In accordance with a California federal district court ruling on March 25, 1987, the federal government is required to contribute a portion of the total funds through direct appropriations, which are in addition to amounts collected as fees from Fund participants. This judgment overruled a policy, in effect for several years in the administration of this Fund, of setting fees equal to 100 percent of the anticipated level of claims. In accordance with that ruling, $450,000 of the $900,000 requested in FY 1991 is proposed to be derived from fees collected from participating owners of U.S. fishing vessels, and the remaining $450,000 is requested as a direct appropriation.

Mr. Chairman, that concludes my statement. I will be pleased to answer any questions that you or Members of the Committee may have.

Mr. **Mollohan.** All that recovering on your counterclaim, that is pretty good. Mr. Osthaus suggests that now you do not need this appropriation. [Laughter.]

Mr. **de Vos.** Well, I think we do still have some outstanding claims on the Fund.

VESSEL SEIZURES

Mr. **Mollohan.** How many seizures have occurred thus far in fiscal year 1990 and how many do you anticipate in the remainder of this fiscal year?

Mr. **de Vos.** Mr. Chairman, I think in this year there have been no claims on the Fund itself. As to the actual seizures, maybe—do you know of any?

Mr. **Tinkham.** There have been none thus far.

Mr. **Mollohan.** We have questions that we will submit for the record.

Mr. **Mollohan.** Thank you very much for your testimony.

Mr. **de Vos.** Thank you, Mr. Chairman.

Mr. **Mollohan.** Thank you.

The subcommittee is adjourned.

[The following questions were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY CONGRESSMAN SMITH

Fishermen's Guaranty Fund

QUESTION: How many seizures of U.S. commercial fishing vessels by foreign countries occurred during FY 1989, what was the total amount of the claims as a result of these seizures, and were all of these claims paid?

ANSWER: No seizures of vessels participating in the Fishermen's Guaranty Fund occurred in FY 1989. As a result, no new claims payments were made.

QUESTION: What were the balances in the Fund as of the end of FY 1989, and what is the anticipated unobligated balance which will remain in the Fund at the end of FY 1990?

ANSWER: The unobligated balance in the Fishermen's Guaranty Fund at the end of FY 1989 was $2,360,871.20. While it is impossible to predict claims activities, the outcome of court proceedings, and other events which affect the year-end balance in the Fund, the following information is provided for your use. First, over the past ten years, payments from the Fund have averaged approximately $1.5 million per year. In addition to the historical payouts, the United States Government has been sued for $1.2 million in Claims Court in the District of Columbia, over the settlement of a claim filed against the Fund. Finally, the Department is negotiating with the Department of Commerce to resolve a claim which was pending at the time of the transfer of the operation of the Fund from Commerce to State at the start of FY 1987. The anticipated FY 1990 fee collections will total approximately $450,000 matched by $450,000 in appropriated funds. The unobligated balance remaining in the Fund could be reduced to zero by the end of FY 1990, as a result of the factors outlined above.

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